

review with
today's Times

No 61,099

Heavy lorry Bill may be defeated

Defeat faces the Government next week over its proposals to raise the maximum weight of lorries from 22.5 to 40 tonnes (Philip Webster writes). Sensing Conservative disunity over the plan, contained in a White Paper on Tuesday, the Opposition has tabled a motion for a vote on Wednesday stating that the Government's proposals are inadequate to solve the existing problem of heavy lorries and opposing any further increase.

Spain applies to join Nato

Spain could become the sixteenth member of the North Atlantic Treaty Organisation by the spring, Dr Joseph Luns, Nato Secretary-General, welcomed the Spanish initiative to join the alliance. The value of Spain to Nato is as much its strategic position as its 342,000 men in uniform. Page 6

Labour group loses 11 to SDP

Eleven members of the ruling Labour group on Southwark borough council, in south London, will quit the party today to join the SDP, alleging that the Government's left-wing extremists are controlling the constituency and local government party organisations in the borough. Page 2

Schools Council seeks meeting

Criticism of the Schools Council published in *The Times* yesterday moved Mr John Tomlinson, the council's chairman, to seek an urgent meeting with Sir Keith Joseph, Secretary of State for Education, to clarify the issues. Some of the proposed changes could imply the council's closure. Page 2

Courts given new powers

Imprisonment for offenders aged under 21 is abolished under the terms of a new Criminal Justice Bill. The courts now have powers, but critics argue that the Bill will not be enough to cut overcrowding in prisons. Page 4

Doubts remain on Sinai force

The Israeli and American governments issued the text of their joint statement yesterday, but the Israeli side intended to avert an Israeli veto on the participation of contingents from four European nations. But there was uncertainty over the Europeans' reaction. Page 6

New hope for bone children

The Prime Minister says the Government is looking at the possibility of opening more bone marrow transplant centres. *The Times* reported yesterday that funds limit transplants at the Westminster Hospital, London, to 25 a year, and 97 children had died waiting. Back page

Docherty sacked

Tony Docherty was dismissed as manager of Preston North End, the third division football club, last night. Alan Kelly, his assistant, has been put in temporary charge. Docherty was transferred from Australia this summer to manage Preston.

Commons recess

The House of Commons will rise for the Christmas recess on December 23 and the Lords on December 22. Both will return on January 18. There will be no sitting of the Lords on December 18 and 21. Parliament, page 8

Dearer milk

A pint of milk will cost more next week, rising probably by 1p to 20p. Mr Peter Walker, Minister of Agriculture, has agreed to a price rise from the dairy industry for an increase and is expected to make an announcement next Thursday.

Leader page, 11
Letters: On inflation, from Professor A. P. Budd and Mr John Pitts; student grants, from Professor Sir Peter Swinnerton-Dyer; SDP, from Dr Colin Hovson and the Rev D. M. Clarridge.
Leading articles: Spain and Nato; the succession; Features, pages 9 and 10
Why we should intervene in the Moroccan-Polish war, by Edward Heath; David Watts sees a stirring of hope for the Tories; Vladimir Bukovsky's nuclear warning to the West; Obituaries, page 12
Mr Wallace K. Harrison; Mr Harpold Blackburn; Mr Louis Michaels

Bank lending rate down by 1%

New year cut expected in mortgage rate

By John Whitmore and Lorna Bourke

The cost of borrowing will be marginally cheaper from today after a small cut in the base lending rate by the main high street banks, from 15 to 14 1/2 per cent.

But this does not mean a big enough reduction to allow for an instant cut in building society interest rates. If interest rates in the money markets ease further over the next week or two, however, then there could well be lower mortgage rates, if not before Christmas then early in the New Year.

While the Government hopes that interest rates will continue to fall, it has said that it does not expect them to fall swiftly. The official aim, at the moment, appears to be to allow interest rates to fall steadily over months rather than in sudden big steps.

The monetary authorities believe they are regaining control over the money supply after the excessive growth during the summer, part of which resulted from the impact of the civil servants' dispute on the money market. But they do not wish to let the grip too rapidly, particularly until there is some evidence that the personal sector's strong appetite for bank credit may be starting to wane.

A further consideration is the exchange rate. Although the Government has no official exchange rate target, it is assumed that it would like the rate to continue somewhere close to its present level.

That means that United Kingdom interest rates cannot be lowered as far as the rest of what is happening in overseas financial markets. The recent falls in United States interest rates have made it easier for British rates to be cut, but there have been signs of a reversal in the last few days.

United States rates have stopped falling for the present. Yesterday the pound closed 180 cents down at \$4.95.

The effect of a rise in these rates will be to lower the lowest cost for prime industrial borrowers to 15 1/2 per cent.

Most personal borrowers are charged anything from 3 to 5 per cent over base rate for overdraft facilities.

None of the high street banks have moved their base rate, in spite of the fact that the banks' mortgage rate was fixed at a record 15 per cent on October 8. But if interest rates continue downward it is possible that there will be a cut in bank mortgage rates before Christmas, a Barclays spokesman said.

With the banks making 25 per cent of all new home loans, the building societies regard the banks' mortgage rate as a benchmark. The banks' mortgage rate was fixed at a record 15 per cent on October 8. But if interest rates continue downward it is possible that there will be a cut in bank mortgage rates before Christmas, a Barclays spokesman said.

Our position is that the flow of funds into societies is not going to be as high as it was in the summer. Mr John Fry of Abbey National said.

The societies' intake of cash (net receipts) dropped to £154m during October from

September's level of £334m, and net receipts for last month are expected to be only £100m or less.

Much of this reduction is attributable to the fierce competition from National Savings which has seen sales of savings certificates hitting record levels.

Cash repayments from homebuyers switching from a building society loan to a bank loan when they move house has been a huge source of funds for many societies and without this money, lending would have had to be cut back.

The societies meet on Thursday and Friday of next week at their monthly conference. But if the banks have not reduced their home loan rates by then, it is unlikely that the societies will reduce theirs.

Welcoming the fall in bank base rates, Mr Richard Webb, secretary general of the Building Societies Association said that it would have no immediate effect on the societies. But he said the situation was being kept under careful review.

"We will be very happy to respond when rates come down," he said. "Share prices fell sharply in response to the latest 3 per cent cut in base rate, but the FT 100 index of 30 leading shares closed 11.1 lower at 519.9 and the pound and the Deutschmark both lost ground, with the pound closing at \$1.9350, and the dollar made all-round gains."



Trudeau's triumph: Celebrating MPs applied the Canadian Prime Minister after the convincing vote in the House of Commons in Ottawa to bring the Canadian Constitution home from Britain. (Quebec mourns, page 6).

Heseltine to force home sales

By Hugh Noyes

Mr Michael Heseltine, Secretary of State for the Environment, announced yesterday in the Commons that he has decided for the first time to use his powers under the Housing Act, 1980, to force through the sale of council houses in Norwich.

Mr Heseltine told the House that the Norwich City Council had been given repeated warnings that they were moving too slowly in fulfilling the rights of their tenants to buy their homes.

The intervention by the Secretary of State, which caused uproar on the Labour benches, means that civil servants from the Department of the Environment will move into Norwich on Monday to take over the task of selling council houses to tenants.

The Department said yesterday that about 12 other councils have had warnings about the slowness of their progress in carrying out sales and that between five and ten of these were proving difficult. It was hoped that the action being taken in the case of Norwich might persuade others to move more swiftly.

In the Commons, Mr Gerald Kaufman, Opposition spokesman for the Environment, immediately denounced Mr Heseltine's action as high-handed.

Mr Patricia Hollis, deputy leader of Norwich council, said last night the council would seek an injunction preventing further moves by Mr Heseltine (David Walker writes).

Mr Heseltine's action would be based on the unreasonableness of Mr Heseltine's decision to take over part of the city's housing stock when the council would be meeting the government's target for sales of four months later. Mrs Hollis said Norwich would have sold the 800 properties specified by the government by next June; the government, she said, had completed sales by February.

Poland unable to pay back \$500m debt

From Peter Norman, Frankfurt, Dec 3

The two-month-old agreement to reschedule the part of Poland's commercial bank debt falling due this year is threatened with collapse.

Poland has told West German Bankers involved with the rescheduling operation that it cannot fulfil its pledge to pay back \$500m (£250m) by the end of this year as part of the agreement in principle to restructure the debt.

The Polish authorities argue that paying back the debt would effectively plunge their country into bankruptcy at the beginning of next year, and that if they are to meet their obligations, they must have more money.

As a result, the rescheduling agreement that was negotiated on behalf of 400 Western banks by Poland and an international taskforce of leading creditor banks are still waiting to be formally signed.

The West German and American banks appear to be determined to take a hard line. There is a growing feeling that Poland has deliberately played for time in the debt negotiations. Recent visits to Poland by groups of bank executives reporting to the task force have done little to reassure the creditor banks that Poland is putting its economic house in order.

The West German bankers insist that Western banks cannot provide any new money for Poland until the backpayments are made and the October agreements signed.

Inevitably, there is a certain amount of bluff at the present stage of the negotiations, but bankers say they would be prepared to let the 1981 debt-rescheduling agreement collapse if the Poles fail to honour their commitments.

Such action would compel the banks to make heavy write-offs of their Polish lending. A Polish default would also confront other Comecon states with the unpleasant alternative of letting the standing of Eastern

block borrowers with Western banks would be ruined.

In these circumstances, it is argued that the Eastern Block countries could step in before the end of the year and provide funds for the Poles. Hopes are also being pinned on Western governments.

At last week's European Council in London, the EEC heads of government said they were willing, within the limits of their means and in collaboration with others, to support Polish efforts to revive the economy.

They agreed a text on Poland which ended with the possibly significant remark that the EEC leaders believed that the rescheduling of the Polish debt and the provision of new credit would make an important contribution to the economy.

Waldheim withdraws candidacy

From Our Correspondent
New York, Dec 3

Dr Kurt Waldheim, the Secretary-General of the United Nations, today withdrew his candidacy for reelection and asked that his name be dropped from further balloting in the Security Council.

The move has stunned diplomats here as it was believed that support for an extension of Dr Waldheim's term had been gathering momentum.

However, delegates at the United Nations are divided on whether Dr Waldheim is stepping down or gambling that his decision will perpetuate a deadlock in the voting, keeping him in office after his present term expires at the end of this month.

It is thought that the Security Council could then take up to three years to find an acceptable candidate.

Diplomatic sources said that a report issued today by the Chinese news agency stating that Peking would continue to block Dr Waldheim's candidacy, had prompted the Secretary-General's decision to bow out gracefully rather than be further humiliated in the balloting.

In a letter to the president of the Security Council, Dr Waldheim said he had decided that in the best interest of the organization and to facilitate the task of the council, he would ask that his name not be included in further ballots that the council might hold.

Foot lashes out at left candidate

By Anthony Bevins and Philip Webster

Mr Michael Foot stunned Labour MPs yesterday with an off-the-cuff remark that he was not likely to be endorsed as prospective candidate.

The burden of Mr Foot's counter-attack against Mr Tatchell, and anyone else on the left, was that he was not a true socialist in parliamentary democracy. He has said repeatedly that he believes in tolerance and education rather than expulsions and witch-hunts. Yet one senior colleague said last night that his faith in democracy was the iron in the kid glove of tolerance.

At the regular weekly meeting of the Parliamentary Labour Party last night, Mr Foot replied to a scathing criticism of his Commons announcement with the words: "Parliamentary democracy was at stake. There can be no wavering on that."

The division in the party was summed up by two members of the organization committee, which makes a preliminary judgment on the Tatchell case on Monday.

Rugby men give the unions a try

From Ronald Kershaw
Leeds

If the battle of Waterloo was won on the playing fields of Eton, then new hope must spring in the breasts of trade union leaders with the news that Rugby League occupants of the playing fields of Doncaster, Wigan, and Huddersfield, to name a few, have entered the brotherhood of trade unionism. Whether they will stimulate negotiators to win the battles of Congress House remains to be seen.

After years of unsuccessful attempts, professional Rugby League players have formed themselves into the Rugby League Professional Players' Association and have been admitted to membership of Apex, the Association of Professional Executive Clerical and Computer Staffs.

There are 1,500 professional Rugby League players in Britain. The majority consider they should be recognized as a profession and property represented particularly when pay and conditions are being considered. Until yesterday they were the only professional sportsmen without formal representation.

Apex does not appear to be too fussy about the heading under which group forwards, scrum halves and hookers enter their union but say they will take their place among a miscellany of wool sorters, AA patrolmen, and security officers. But the union must be happy with the thought that should their new members be called upon to man a picket line, they would provide a formidable one.

The formation of the association is an attempt not only to improve wages and conditions of players but to increase the stature of the game. Mr Gary Hetherington, chairman of the new association and captain of Huddersfield said last night: "The aim of the association is to raise the level of the profession. We are very much aware that Rugby League is one of the few professional sports showing a healthy expansion."

The association has five main aims: To protect the interests of the players at both club and league level; Ensure that players obtain a fair reward for their efforts; To seek consultation with the Rugby League so that players may be involved in changes of rule; Establish satisfactory insurance and benevolent schemes for players; Promote social activities at club and league level.

Mr David Oxley, Rugby League secretary, welcomed the move. "I have always felt that a well-organized responsible and wholly representative players' association could be a great force for good in the game. I very much hope the association will be concerned with the professional standards of its members, both on and off the field."

Mr Brian Heywood, of Apex, makes it clear that the job is purely professional. We shall provide them with professional representation, with administration and with legal representation.

Won't you play Santa to a lonely little girl?

Five year old Nicola lives with her father, Brian. Every morning, he brings her to one of Barnardo's day nurseries on his way to work.



There's no-one else to help him look after her. So one Christmas—when Brian was seriously ill in hospital—Nicola came to us. We filled her stockings and took care of her until Brian recovered.

All year round Barnardo's bring love and security to thousands of children. We run day care centres, nurseries, schools for the handicapped and residential homes. The care of our children costs a great deal of money.

Many of them—like Nicola—are unable to spend Christmas at home. Won't you help to play Santa to them this Christmas?

25 will buy a cuddly teddy, a pretty little doll or a toy train. It will buy a skipping rope, a colouring book and some crayons. Or a toy car, a story book and a jigsaw puzzle. £10 will buy a present for two needy children. And just think what £100 will do!

Everything you send helps.

And it helps even more if you covenant to pay regularly. That way we can claim back tax. So every £1 you give is worth £1.43.

Please send what you can today, to: Nicholas Lowe, Appeals Director, Room 246, Dr Barnardo's, Tanners Lane, Ilford, Essex IG6 1QG.

Dr Barnardo's

The true identities of our children are not revealed, so as to avoid distressing publicity.

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NEWS IN SUMMARY

On-the-spot fines for fare-dodgers

On-the-spot fines are to be introduced next month on buses in Greater Manchester as part of a campaign against fare-dodgers, who are costing the city's transport department £2m a year (a Staff Reporter writes).

Passenger transport authorities throughout the rest of Britain will watch the scheme which is the first of its kind in Britain, being implemented on 2,500 buses, before deciding to follow Greater Manchester.

Fare-dodging is costing London Transport an estimated £4m a year.

Greater Manchester had to sponsor a private Bill in Parliament to get authority to impose instant fines, but expects that within a week of the scheme beginning on January 4 they will be saving £2,000 a week.

£9m deficit still likely for fund

The national insurance fund is still expected to have a deficit of £9m next year, despite the higher contributions employees will have to pay from next April. This was disclosed yesterday when the Government's annual report was published.

The Social Security (Contributions) Bill, 1981 (Our Social Services Correspondent writes).

The Bill will give the Government power to raise above present legal limits the ceiling of earnings on which employees pay contributions, and to waive the formula normally used to increase contributions for the self-employed.

Social Security (Contributions) Bill, 1981. Report by the Government. Accounts on the Financial Frontiers of the Bill (Committee 443, Stationery Office, £1.80).

Bomb wrecks car showroom

Forensic scientists are trying to identify the explosive device used to blow up a car showroom in South Wales. The blast wrecked offices and several new cars at John Bevan Motors, the main dealer for Concessionaire-built Skoda cars in Swansea, late on Wednesday night. Five homes and shops were also damaged.

Detectives confirmed yesterday that traces of explosives had been discovered, but they ruled out any political motive.

Mr John Bevan, the garage owner, said he had no idea why he should be a target. He estimated damage at £50,000.

Little appetite for Howe dinner

A businessman's dinner at which Sir Geoffrey Howe, the Chancellor of the Exchequer, was to have been the guest speaker tonight was cancelled yesterday after only 35 tickets had been sold.

The £50-a-head meal at the Great Dames Hotel, near Maidstone, Kent, had been organized by Turnbridge Wells Conservative Party for businessmen attending a conference on the EEC. A spokesman said: "It is rather disappointing, but a bit embarrassing. I suppose some people might feel that £50 a head is a bit dear for dining with the Chancellor."

Whale products ban adopted

The EEC ban on whale products, originally proposed by the United Kingdom, is to come into effect from January 1, after its formal adoption yesterday by the European Council of Environment Ministers.

The ban does not cover all whale products; but it will no longer be legal to import sperm oil and spermaceti into the UK, with a wide range of other products including leather and fur skins treated with whale oil, and products made from them.

Dublin to drop airport backing

The Irish Government is to drop its commitment to build an international airport at the remote pilgrimage village of Knock in the west of Ireland.

Withdrawing finance from the airport, which is being built in a co Mayo bog, has been under serious consideration for some time, and with public spending cuts yesterday's decision was not unexpected.

Two rescued as aircraft ditches

The two occupants of a light aircraft which ditched in the Channel 30 miles off Bournemouth were under medical observation at Portland naval base, Dorset, last night after being rescued by a naval helicopter.

The Piper Comanche aircraft, piloted by a woman taking her flying coast, ditched on its way from Guernsey to Herne airport. Two naval ships were diverted and four helicopters sent from Portland.

The couple were named as Mr Caradoc Jones, of Chorley Wood, Hertfordshire, and the flying instructor, and Miss Gill Duncan, of Taunton.

Engineer's accept 5%

The 17 unions within the Confederation of Shipbuilding and Engineering Unions yesterday decided formally to accept a 5.06 per cent pay rise after affecting almost two million engineering industry workers.

'Southwark 11' defect from Labour to SDP

By Richard Ford

Eleven members of the ruling Labour group on Southwark Borough Council in south London will leave the party today to join the Social Democrats, alleging that "unpleasant left-wing extremists" effectively control the constituency and local government party organizations in the borough.

They will join two other SDP members who have left Labour and another who has recently won a by-election. The SDP will then become the official opposition on the council instead of the Conservatives who have only seven councillors.

Labour will continue to control the council, with 43 members.

The defections come shortly before right-wing members of Labour's national executive committee are to press for an inquiry to be held into the party organization in Southwark.

The local party has decided to exclude Mr John O'Grady, Labour leader of the council for the past 14 years, from its candidates' list for the local elections in May.

Mr O'Grady, aged 61, has been a Southwark councillor for 23 years and some Labour MPs are supporting him. It is possible that his treatment could provoke a parliamentary by-election in Southwark, where the seat held by Mr Robert Maitland, the former Labour Chief Whip.

Among those who will announce their defection today are Mr Charles Sawyer, chairman of the borough's housing committee, Mr Evelyn Ackroyd, his vice-chairman, and Mr Steve Kippin, the chief whip.

The others are: Mr Bert Ray, Mr Charles Halford, Mr James Dower, Mr Bill Payne (the deputy mayor), Mrs Florrie Sampson, Mr Peter Flower, Mrs Meg White, and Mr Arthur Knight.

SDP is socialist, councillors say

The three Islington Labour councillors whose defection to the SDP has given the party control of its first local authority spoke yesterday of their continuing commitment to socialism (David Walker writes).

One of them, Mr Christopher Pryce, said: "None of us can make the statement at the moment that the Social Democratic Party is not a socialist party. He and his colleagues would be fighting to ensure the new party was genuinely radical."

At a press conference, all three made plain that their political transfer was governed by the state of the Labour Party. "We can no longer reconcile our beliefs in representative democracy and parliamentary socialism with the increasing intolerance and

banker's vision of financial rectitude."

Mr Dorrell, who is one of the more outspoken left-wing Conservative MPs, has often been referred to as a possible SDP recruit. Writing in yesterday's *Evening Standard*, he said he did not find such a course attractive.

"I welcome the emergence of the SDP, because it should make us think more seriously about what the Conservative Party has historically stood for," he said. As a more attractive political force than the present Labour Party, the SDP had put Conservatives on their mettle to an extent they had not known since the 1950s.

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extremism of the Labour Party in Islington.

This is evidenced, for example, by the policies recently incorporated into the manifesto for the next local elections, the proposed subordination of elected councillors to Labour Party committees and the obvious contempt shown by many new members of the party for accepted democratic procedures."

Although the three have been warmly welcomed by the SDP, they declared their support for Mr George Cunningham, MP for Islington, South and Finsbury, who left the Labour Party this week to sit as an independent.

Next week, at a meeting of Islington Borough Council, committee positions will be reallocated among SDP councillors. Few important policy changes are expected until after next May, except in housing and social services.

Tory fear helped us, Williams claims

Ms Shirley Williams told businessmen in Düsseldorf yesterday that her victory in the Crosby by-election was partly due to fear among Conservative middle-class voters that unemployment would spread to them (Patricia Clough writes from Düsseldorf).

She also told her party German audience that the influence in Washington of Herr Helmut Schmidt, West Germany's Social Democrat Chancellor, for East-West stability and disarmament had been "a major electoral asset."

She added that in Britain the SDP would advocate a relatively modest investment programme which would take many thousands off the dole queues.

Scotland is setting the pace in cooperation between the Liberal and Social Democratic parties, spokesmen for the Alliance said yesterday (Robin Young writes).

Earlier this week, the parties in the Lothian region announced their agreement as to which party should field candidates in which wards in the regional council elections to be held next May, the joint policy on which they would fight.

In some constituencies in the region, cooperation is very close.

Labour undercuts in Scotland the slump in popularity of the party shown in an opinion poll published yesterday as a self-inflicted wound.

The opinion poll by System Three, published in the *Glasgow Herald*, showed post-Crosby support in Scotland for the SDP at 2 per cent, compared with 16 per cent two months ago.

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Chairman seeks urgent talks with Joseph

By Diana Geddes, Education Correspondent

The Schools Council announced yesterday that its chairman, Mr John Tomlinson, was to seek an urgent meeting with Sir Keith Joseph, Secretary of State for Education and Science, to "clarify the issues" raised in yesterday's report in *The Times* of criticisms of the council by Department of Education and Science (DES) officials.

The report gave details of confidential oral evidence given by department officials to Mrs Nancy Treanman, Principal of St Anne's College, Oxford, who has just completed a review for the Government of the council's constitution and responsibilities for curriculum development and public examinations.

The DES officials were highly critical of the council's staff, structure, methods of work, chosen areas of activity, and effectiveness. Mrs Treanman said that the changes they proposed amounted to the closure of the council and the creation of a quite different body.

The Inspectorate for Schools, which operates within the DES but rigorously maintains its independence, presented a markedly different view of the council in its written evidence to Mrs Treanman.

While it echoed many of the DES officials' criticisms of the council's structure, its failure to identify priorities adequately, and its weaknesses with regard to the evaluation and dissemination of its work, the Inspectorate considered that significant progress had been made since the council's reorganization in 1978 and that much of its work deserved praise.

The council had completed a number of outstanding projects which had made a considerable impact in the classroom, it said. They had led to observable improvements in motivation and in the quality of learning in, for example, classic, geography and history in the primary school, some

projects such as "science 5-13", "linguistics and English teaching", and "health education 5-13" had been equally good. They had contributed to teachers' understanding of pupils of that age.

However, in general the council's activities had not had a widespread influence on work in the classroom. Sometimes that was due to the inability of the system and teachers to respond to the initiative, but sometimes it was due to the quality of the project and its material.

The DES officials were particularly critical about the management of the council's staff.

There are some obvious attractions to replacing films by using a computer system to convert an image created by X-rays into a form that can be projected directly on to a television screen and stored electronically. X-ray films, with their valuable silver content, are increasingly expensive items; they are also bulky and difficult to retrieve.

But there is a far greater potential advantage that could make medical diagnosis more precise. Although X-ray films provide the only means of obtaining high resolution pictures of the chest, for example, a lot of detail is lost in the photographic process.

Different X-ray procedures can be used to give a clear picture of bony structures or of blood vessels and air cavities. The perennial difficulty has been to present a picture giving the same clarity for both. That is the purpose of the research into electronic image processing research.

At this preliminary stage, normal X-ray pictures are being converted by an electronic scanner into a digital code and stored on a special computer image processor. The picture can be called up on to a television screen in a format which looks identical to the conventional film, and also in a variety of other presentations devised to highlight either a small portion of the picture or particular types of blood vessels and organs.

One object of image processing is to reduce the number of X-ray examinations needed to determine whether certain types of abnormality are present.

A simple example is to create a picture which is made by combining two images which are a millimetre out of register. Manipulations of that type can be done in a large number of ways, even though the images which are combined are stored in the computer processor.

The process is based on a system of coding which divides each picture into a series of points (or pixels), as they are called by experts in image processing, of 200 microns size, and described as one of 256 levels on a colour scale of grey.

X-ray pictures already in use which project a picture on a television screen at the same time as a film is made. The technical gap to overcome is in the design of a computer which will feed the X-ray image for direct conversion into its digital form.

It is improbable that any government is likely to wish to subsidize air transport services," Mr Harris said.

Research had shown that business travellers would probably pay the levy and still use London. Others would choose the nearest provincial airport to London, and it might take a year to persuade them to plan their journeys from as far away as Manchester.

Mr Harris said that provincial airports would probably be able to meet growth in local demand to the end of the century. Evidence from the department showed that Luton could cope with the 15 million passengers a year as envisaged by the JAA for Stansted, though it is only 30 miles to the west.

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Aid to parents in Hume's Opus Dei guidelines

By Clifford Longley, Religious Affairs Correspondent

Young people wishing to join the Roman Catholic organization, Opus Dei, must first discuss the matter with their parents or legal guardians and no one under the age of 18 should take a vow or make a long-term commitment to it, Cardinal Basil Hume, Archbishop of Westminster, has stated in a formal letter to the leaders of Opus Dei in Britain.

Any exception to the first rule must be cleared with the local Roman Catholic bishop first if there are, in exceptional cases, good reasons. Cardinal Hume has received several complaints from parents that their sons or daughters had joined Opus Dei without first telling them, and complaints that teenagers had been recruited. He has specified that individuals must not be put under undue pressure to join or remain in membership, and that Opus Dei members must be free to choose their own spiritual director, including one who is outside Opus Dei. Further, activities sponsored or managed by Opus Dei must be clearly identified as such.

The secretariat of Opus Dei in Britain issued a statement saying that its members in the Westminster diocese were very grateful to Cardinal Hume for his fatherly care and blessing. The recommendations were welcome, the statement said, because they were in line with what members of Opus Dei have always sought to do in Britain and in the rest of the world.

"As is well known, the spirit of Opus Dei is based on a great love of freedom. It has always defended and will always defend personal freedom and responsibility, not only in the exercise of one's profession but also in all aspects of life, including that of joining or leaving the institution."

His fundamental principle, Cardinal Hume says, is that any international movement "may well have to be modified prudently" in the light of local cultural differences and local customs and standards. His four points are intended to help it to adapt to "the traditional spirituality and instincts of our people".

It is authoritatively said that "some of the more rigorous spiritual practices of Opus Dei, such as physical mortification by means of a five-cord whip and a sharp chain, are considered out of place in contemporary English Catholicism. But there is no reference to such matters in Cardinal Hume's letter."

One of the cardinal's points covers the accusation made by a former member, Dr John Roche, of Linacre College, Oxford, that strong psychological pressure was applied to him and to many others not to leave Opus Dei. One detail of his charge was that Opus Dei members were able to turn for spiritual advice only to other Opus Dei members. That made it difficult to decide to leave.

Cardinal Hume has stated that individuals must be free to choose a spiritual director outside Opus Dei.

Dr Roche, whose allegations to *The Times* led to this newspaper's investigation, said he was delighted with Cardinal Hume's action. There were, however, other matters that had to be pursued. He set up a "committee for the investigation of Opus Dei".

Copies of Cardinal Hume's letter were issued to the press yesterday. And the cardinal is understood to have handed it in person to Father Philip Sherrington, regional councillor of Opus Dei, on Wednesday.

Yesterday Mr Eric Heffer, Labour MP for Liverpool, Walton, had and interview with Cardinal Hume on behalf of a constituent whose daughter had joined Opus Dei in London.

The Roman Catholic Archbishop of Liverpool, Mgr Derek Worlock, said he had been consulted by Cardinal Hume in drawing up the statement of four principles contained in the letter. He would want the same principles to apply in his diocese, he said.

Cardinal Hume's letter and the press statement explaining it both emphasize that in this matter his jurisdiction is limited to the Westminster archdiocese, which covers most of London north of the Thames and the county of Hertfordshire. But the indications are that Mgr Worlock's endorsement will be followed by others.

The *Times* published the results of an extensive inquiry into Opus Dei last January, recording several allegations against it, including that it had the nature of a sect, a "church within a church".

Opus Dei strongly denied that, saying that it was always anxious to work in harmony with the local bishops. It is established in about eighty countries, and was founded in Spain in 1928.

Opus Dei has been active in Britain since the 1940's and until this year its operation in London attracted no controversy. There is a long history of tensions between Opus Dei and the local Roman Catholic church in Oxford, however, and several Roman Catholic university chaplains have complained publicly.

The Roman Catholic Bishop of Portsmouth, Mgr Anthony Emery, whose diocese includes the part of Oxford containing the main Opus Dei centre in the city, was said to be away yesterday, but likely to study Cardinal Hume's statement on his return.

Cardinal Hume's statement and letter do not deal with many of the matters raised by the article in *The Times* and the subsequent publicity. It said on his behalf that he has limited himself to his jurisdiction as a bishop with pastoral responsibility for his diocese. In that way any possibility of a conflict with the Vatican, where Opus Dei is well thought of, has been avoided.



Mr and Mrs Stephen Brown about to board an Air Europe jet at Gatwick yesterday for their honeymoon in Paris. The bride, formerly Sindy Smith, aged 23, an air stewardess, of Horley, Surrey, had her wish of an airborne reception fulfilled by the loan of the aircraft for the day.

Making the historic house earn its keep

By Tony Samstat

The English Tourist Board yesterday launched an exercise in attracting businessmen, preferably free-spenders, to one of the country's "underused, underpublicized and underplayed" resources, the historic house.

The idea is that the nation's various mansions, palaces, castles and residential follies, browsing in their magnificent settings of park land like so many white elephants, be turned into working animals to earn their keep as venues for such occasions as business seminars and product launches.

The tourist board has published a book in which the attractions of more than seventy historic venues are displayed under the title, *Putting on the Style*.

Style was not lacking at yesterday's launch in the appropriately historic crush bar of the Royal Opera House at Covent Garden. The guest of honour was Lady Spencer, the Princess of Wales's stepmother and a former member of the tourist board.

Lady Spencer, whose commercial flair in the running of her own mansion at Althorp is well known, said she hoped the inspirational surroundings on offer would help to make business seminars "go with a real swing".

Mr Michael Moniagur, chairman of the tourist board, hastened to add that the intention was to use such houses for "appropriate occasions" — nothing vulgar.

One of his main objectives was to use voluntary workers to help houses to open during more accessible opening hours.

The tourist boards of Wales and Scotland are expected to follow England's example and put their great houses to commercial use.

Putting on the Style, (English Tourist Board, Hendon Road, Sutherland SR9 9XZ, £5.95, including postage and packing).

Lords reserve ruling on GLC fares

By Frances Gibb

The Lords of Appeal yesterday reserved judgment in the appeal by the Greater London Council over the legality of its cheaper fares scheme, launched in October. At the end of the seven-day hearing Lord Wilberforce, presiding, said on behalf of Lords Diplock, Keith of Kinkel, Scarman and Brandon of Oakbrook: "their lordships will report their opinions to the House in due course."

The GLC is contesting a Court of Appeal ruling on November 10 which upheld a claim by Bromley Borough Council that the GLC acted unlawfully in levying an extra 6.1p rate to pay for a cut of a quarter in bus and Underground fares.

Bromley claims that the GLC had no power to do what it did, and that even if it did have the power, it exercised it unreasonably.

Making his closing speech on behalf of the GLC, Mr Robert Alexander, QC, said that if the Lords of Appeal dismissed the appeal, they would be interfering with what was "traditionally within the realm of a local authority's judgment", discretion as to the needs of its area.

If the cut in fares was within the council's powers, he said, they should be allowed to continue their policy. "If they cannot, they are going to be required to run London Transport in a way which they believe is contrary to London's needs."

Bromley had not suggested that there was any way other than a fares reduction to halt the decline in London Transport, which the GLC had considered a matter of urgency.

Surely a party which believes in this policy, has been elected on it, looked at it and decided to go ahead with it, should be given the opportunity to do so, and not be told by the courts: "You should pursue some other policy more akin to that of the previous administration."

The courts were being asked to interfere with the revenue-raising policy of a local authority which was responsible to an electorate and has to take decisions on what was right as a matter of social policy, he said.

They were also being asked to say that a local authority's transport policy was impermissible, despite its having been put to the electorate and voted on by the council.

FARMER IS FINED FOR CRUELTY

From a Correspondent Doncaster

For the second time this year the owner of a small South Yorkshire farm has been sentenced by Doncaster magistrates for offences under the Protection of Animals Act, 1911.

Ellis Rafe Fox, aged 32, of Highfield Farm, Raywold, Bentley, Doncaster, was fined £100 yesterday on each of five charges after admitting causing unnecessary suffering to animals. He was ordered to pay £100 costs and was disqualified from keeping goats for 10 years. Mr Fox was given a conditional discharge on another charge.

The court heard that Mr Fox was convicted on several similar charges in May.

Workless worker escapes axe

Vauxhall Motors has axed 6,000 jobs in the past 12 months and has announced further white collar cuts. But for the past four years, it has had one employee doing next to nothing.

Mr Trevor Pinnington, a skilled fitter occasionally helps out in the stationery store at Ellesmere Port. Most of the time, though, he just sits, or chats with other employees.

Mr Pinnington, aged 47, refused to join the fitters' union strike in 1977 because it did not have the backing of the Amalgamated Union of Engineering Workers. Since then others refused to work with him.

Former England boxer jailed

A former boxer was jailed yesterday for three years after pleading guilty to arson charges. Robert Davies, aged 32, who boxed for England in the 1976 Montreal Olympics and for three years as a professional, was frustrated at being unable to see his daughter Lisa, aged 19 months.

The Birkenhead Crown Court was told that he set fire, last May, to the house where Miss Debra Thompson, with whom he was living, was staying with her parents. Damage amounted to nearly £14,000.

Since the fire, Mr Davies has married Miss Thompson. Had he not, Judge Henry Lachs said, his sentence would have been longer.

Foot given new donkey jacket

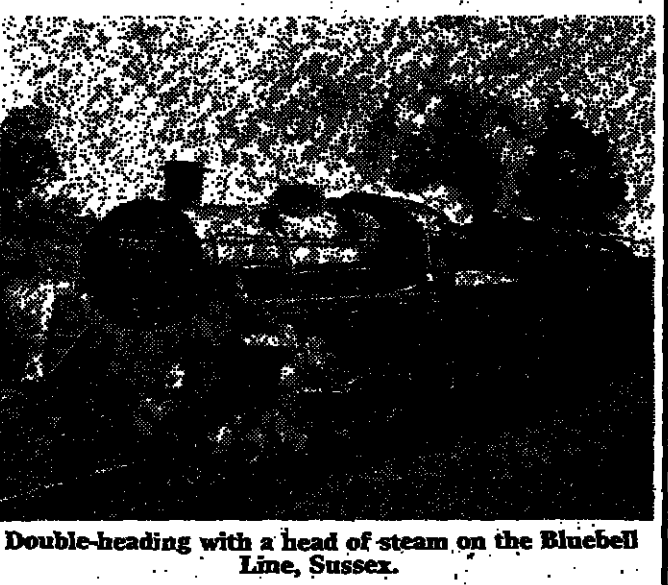
Mr Michael Foot the Leader of the Opposition, has been sent a new coat, a navy blue donkey jacket, complete with leather shoulderpatches, by a group of building workers from Milford Haven, west Wales, who were angry that he was described as looking like an "unemployed navvy" at his Remembrance Day appearance at the Cenotaph last month.

In a letter to Mr Foot the men explained that they would be proud to see him wear the jacket on rallies and marches because it is standard dress for thousands of industrial workers in the area.

"The lads were annoyed at the way Mr Foot has been pilloried, with the suggestion that being unemployed was something to be ashamed of," Mr Frank Jones, local secretary of the Amalgamated Union of Engineering Workers engineering section, explained.

Butler must wait

An industrial tribunal to decide compensation for Mr David Chopping, the butler unfairly dismissed by the dowager Lady Dufferin and Ava, finished its hearing yesterday. The decision will not be announced for several weeks.



Double-heading with a head of steam on the Bluebell Line, Sussex.

Bond issue to help small railways short of cash

By Michael Bailey, Transport Correspondent

A new issue of bonds will soon be on sale to help to keep Britain's private railways going.

It will not, however, be for the main railway system which the Victorians built on the back of probably the biggest public stock issue ever, but for the 50 or so little lines such as the Bluebell in Sussex, and for some 400 other railway preservation projects around the country which tend to have a big head of steam but little British Rail, little cash.

The scheme is part of a new National Railway Preservation Campaign launched by railway enthusiasts, headed by the Conservative MP, Mr Robert Adley, in the House of Commons yesterday.

Its aim is to raise cash and put unemployed young people to work refurbishing and developing the little railways and old engines that still survive in the country where railways were born.

Most of the old engines that have not already been done up are lying in a scrapyard in Barry, South Wales, owned by Mr Dai Woodham. Whereas other scrap merchants who bought up Britain's thousands of old steam engines long ago cut them up for melting down, he kept them and now has more than a hundred, steadily rusting but a goldmine for enthusiasts. Over half could still be restored, a recent expert survey showed, but at a cost of between £50,000 and £100,000 each.

Launching the campaign yesterday, Mr Adley said: "Our aim is to raise support for Britain's preserved railways by concentrating on the four railway R's, rescue, restoration, running and repairs."

INQUIRY ON COMA MAN CONSIDERED

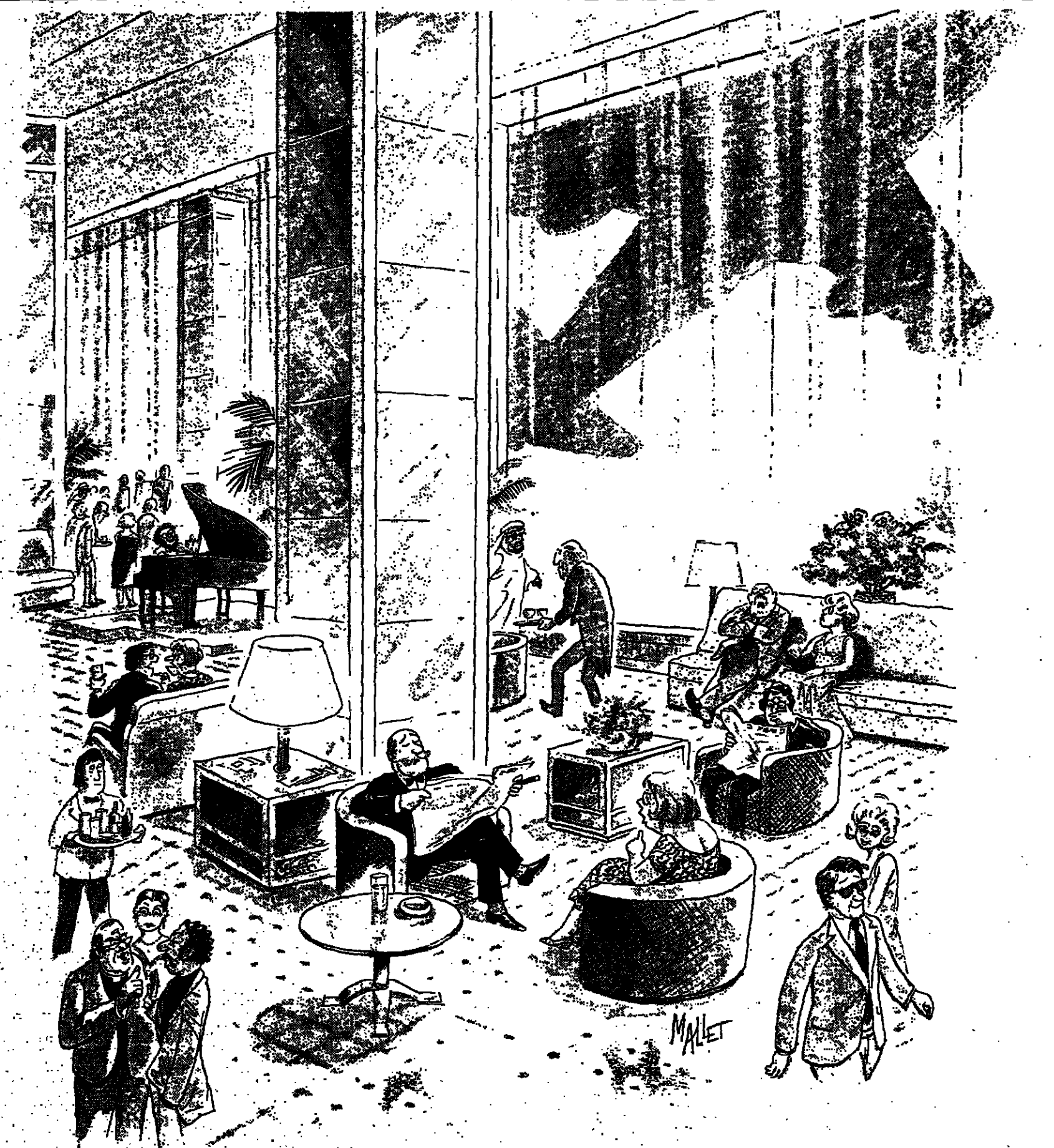
From Our Correspondent Ludlow

Dr Gerard Vaughan, the Minister for Health, is reconsidering his decision not to hold a top-level ministerial inquiry into the case of Mr David Woodhouse, aged 27, of Fownhope, Hereford and Worcester, who has been in a coma for seven months since a routine appendicectomy operation went wrong at Hereford County Hospital.

Earlier this year Dr Vaughan refused demands from the Hereford and Worcester Area Health Authority, the Hereford County Hospital and the Hereford Community Health Council for a government inquiry after attempts to find out what had gone wrong were frustrated at the local level.

Last week Dr Magdy Ibrahim, the anaesthetist, made his first comment on the case when he said he would welcome an inquiry but had been told by the Medical Defence Union, the doctors' insurance body, to leave the matter in their hands.

The medical authorities in Hereford and Worcester say the MDU has advised its members not to cooperate with an inquiry.



"Don't be silly, Edith. If there was a plane out there we'd hear it."

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NEWS IN SUMMARY

New vote on Commons television

The House of Commons is to be given another opportunity to vote for the television coverage of its sittings (Our Political Staff writes).

Mr Jack Ashley, Labour MP for Stoke-on-Trent, South, will seek on December 15 to introduce a Bill to allow the television cameras.

The Government would find it difficult to ignore a vote in favour.

On January 30 last year there was a tied vote, 201 to 201, on a Bill introduced by Mr Austin Mitchell, Labour MP for Grimsby.

With the casting vote of Mr Bernard Weatherill, the Deputy Speaker, the House for the first time favoured television coverage, but as a private member's Bill Mr Mitchell's measure proceeded no further.

Taping stops court case

A shoplifting case was stopped at Horseferry Road Magistrate's Court, London, yesterday after Mr Dennis Line, aged 72, retired teacher, was spotted taping recording the proceedings from the public gallery. The magistrate made a forfeiture order under the Contempt of Court Act, 1981.

'Space Invaders' are repulsed

An experimental scheme to install "Space Invader" machines in four of Surrey's main libraries has been dropped by the county council after six months because the machines were shattering the peace of reading rooms and because the machines were not making as much money as expected.

The county council is now lending out computer game cassettes for people to use in their homes.

Raiders get £75,000 but miss £225,000

Armed raiders who ambushed a security van in south London yesterday stole £75,000 but left £225,000 behind. A shot was fired from a handgun during the raid, in Lewis Road, Mitcham, but no-one was hurt.

Gunnmen also stole £10,000 wages from the Royal Liverpool Teaching Hospital, in Liverpool. They escaped after evading police road blocks.

Footballer for trial

Remi Moses, the Manchester United footballer, was ordered yesterday to trial at Manchester Crown Court on February 15 with Raymond Saunders, aged 19, on a charge of causing actual bodily harm.

Justice Bill aims to strengthen power of courts

By Peter Evans, Home Affairs Correspondent

Courts will receive new powers to deal with offenders under the Criminal Justice Bill, published yesterday. But the Bill will not do enough to cut prison overcrowding, critics say. It changes the ways young offenders are given custodial sentences and abolishes imprisonment for offenders aged under 21 and borstal training.

Under the Bill's provisions, which means courts will have more say about time served, Courts will be able to make detention centre orders for from three weeks to four months and pass youth custody sentences of longer than four months.

All young offenders will be supervised on release and continue to be eligible for parole. When a fine, compensation or costs are awarded against a juvenile, the court must generally order that parents or guardians should be responsible for paying. Community service orders will be made available for juvenile offenders aged 16. Fines are adjusted in the Bill to take account of changes in the value of money.

There has been controversy about a proposal, now in the Bill, to enable courts to remand accused persons to their absence, provided they give their consent and are legally represented. But the Bill lays down that can be done for no more than three consecutive weekly remands.

As stated by Mr William Whitelaw, Home Secretary, in the House of Commons on Wednesday, the Bill gives greater flexibility to powers for partial suspension of sentence. Mr Whitelaw intends to bring this into operation in the spring.

Powers to release offenders up to six months early in emergency circumstances are being made permanent. That will enable Parliament to cut the prison population if other measures fail.

Mr Sidney Powell, secretary of the governors branch of the Society of the Magistrates, said that Mr Whitelaw's present action, though welcome, would not by itself reduce the prison population to the levels which the government wants it cut from 44,000 to 32,000 with the help of an amnesty and other measures.

Blackmailer jailed for six years

A Chinese gangster who brought terror to a Midlands town was jailed for six years yesterday. Sing Lap Lai, aged 44, of Lovat Street, Stafford, was living in the West End of London for 20 years.

He was found guilty at Stafford Crown Court of demanding £150 from menaces from a businessman in Stafford. During a four-day trial the court heard that Mr Lai was a member of the Wo On Lok branch of the Chinese triads, a secret criminal society run on similar lines to the Mafia.

The jury was told that Mr Lai was head of blackmail in Stafford, setting up a protection racket to extort money from Chinese business families in the town.

Mr Anthony Barker, for the prosecution, said the defendant walked into the Rowley Street home of Mr Yuen Heung Lau, a restaurateur, and demanded £150 "loan".

Mr Lai told his terrified victim that the triads had hacked off the hand of one victim in Hanoi, London, he said the whole of the Chinese business community in Stafford faced the threat of extortion by the triads.

Mr Lai said he was in charge of the Stafford operations. The conversation was taped and recorded by police in an upstairs bedroom, and Mr Lai was arrested.

Farmers the truly rural guardians

From John Young, Agriculture Correspondent, Dulverton, Somerset

In swirling mist 1,200 ft up on Exmoor, Mr John Pugsley led the way across a heather-covered hillside.

"Conservationists say that once you plough up moorland like this it is gone for ever," he said. "But I remember as a young boy watching Italian prisoners of war digging potatoes off this very moorland."

Mr Pugsley farms 1,100 acres of upland which supports about 1,300 sheep and 110 beef cattle. About 650 acres of that was identified by Lord Forchester in his 1978 report on Exmoor as "critical amenity moorland" which should be conserved in the national interest.

Far from being anti-conservationist, Mr Pugsley is proud of his immaculate house and village and anxious to see the traditional Exmoor way of life survive. But he insists that if farming is to remain viable farmers must be compensated under management agreements for not putting moorland under the plough.

Yesterday the National Farmers' Union launched a campaign intended to disprove the idea that farmers are destroying the countryside, and to counter some of the hostile comments made during the debate on the Wildlife and Countryside Bill.

Mr Norman Stephenson, aged 81, with Laska, the Samoyed who has been awarded a gold medal for protective instinct kept him alive when he lay unconscious after a fall down an embankment in saving his life last September. Her Bradford. She struggled her body over him to keep him warm

Life-saver gets a gold medal

Throughout a night of torrential rain, the pair were found the next morning by two men who at first thought Laska was "protecting" a cat. Mr Stephenson was taken to hospital and recovered, but police said he would have died of hypothermia if it had not been for Laska's action. Mr Stephenson says he owes his life to Laska, whom he described as "a wonderful, fat dog".

Laska's gold medal for life-saving was one of the 1981 series of awards presented by the Pro-Dogs charity. Laska was herself "saved" in 1979 when she nearly died of pneumonia after her elderly master died. The Samoyed breed rescue club placed her with a new owner.

Parents peevish as school strike goes on

A Christmas chill in Coventry

From Arthur Osman, Coventry

An air of peevishness apparent in Coventry, city centre yesterday, was marked on the faces of mothers trailing sullen children in their wake.

Their presence and that of the council and Nuffield, accompanied by a group of youngsters in the shopping precincts gave an illusion that Christmas had come early to the city. But with takings already affected by the 28,000 unemployed in the city, there was little activity around store fronts.

Many mothers seemed to have "gone to town" to escape the claustrophobic atmosphere at home, where the city's 60,000 school children have been for the past month because of the strike by caretakers, kitchen staff and cleaners at 150 schools and colleges.

Their action is the result of the summer referendum in which a seven to one majority of school children had elected to opt for a cutback in council spending.

As a result the Labour-controlled council has decided on £2m of cuts, of which £1.2m involves the edging back of the 1978-79 £250,000 of that figure is cleaning and other matters in which the strikers are engaged.

Already been achieved in terms of wages not paid and heating and lighting saved during the past month.

It has been suggested that any long continuation of the dispute would only be a confusion, if any was needed, that the affair was an extension of a bitter battle between moderates and leftists in the local Labour Party and a face-saving exercise for it and the union.

On Tuesday, according to Mr Arthur Taylor, Conservative leader on the council, his group will suggest that the strikers be declared redundant and the schools opened to the children. Cleaning and maintenance would be put out to private contractors, a suggestion already made by a majority of parents who have refused to do the work themselves.

It is known that there is dissonance among the strikers with many meals staff and some cleaners anxious to return, although the parents remain obdurate.

Sir Keith Joseph, Secretary of State for Education and Science, has been asked by Mr John Butcher, Conservative MP for Coventry South West, to use any powers he has to intervene and open the schools.

Parents have expressed growing concern about the situation from the many who are anxious about the interruption to their children's schooling.

POP GROUP IN WALKOUT KEEPS FEE

A pop group which abandoned its performance after its lead singer was hit by a can of beer thrown from the audience was awarded, yesterday, the full fee for the show.

Mr Justice Mals said in the High Court that the group, Showaddywaddy, was entirely justified in leaving the stage at the Alexandra Palace, London after the incident.

He dismissed with costs a claim by the concert organisers, Club 18-30 (Social) Ltd, of London, for the return of the group's £4,887 fee, which was paid in advance.

Sharp rise in court cases

By Our Legal Correspondent

A significant increase in the workload of virtually all courts in England and Wales is shown by the latest judicial statistics, published yesterday.

Last year more than 55,000 cases were committed for trial to the crown courts, which deal with serious crime, an increase of about 10 per cent on the previous year.

Defendants had to wait an average of more than 17 weeks for their trials. In London the waiting time was far longer, more than 29 weeks.

The statistics show that half of the defendants who pleaded not guilty were acquitted. Again the London

School gets £12,000 bill after gas meter error

From Our Correspondent, Colwyn Bay

A private Roman Catholic school in North Wales is having to meet a bill of £12,000 because the gas meter has been read wrongly. It has been paying only one tenth of what it should have been charged.

Now parents of children who have passed through St Mary's College, at Rhos-on-Sea, Colwyn Bay, since 1975 are being invited to pay an extra £4.26 a child a term.

Father Richard O'Donovan the headmaster, said yesterday: "It is a bolt from the blue and I do not know how we are going to pay. We can only rely on the good will of parents and their reaction has ranged from anger to shock and disbelief."

"Some cannot understand how a nationalised industry can get away with a mistake like this and then expect us to pay. It seems they are illegally entitled to claim from us for the past six years."

There are 240 children at the school, which has fees of £425 a term for day pupils and £675 for boarders. Father O'Donovan said the meter was the wrong type.

This year Wales Gas rang up one day and said we owed them £4,400 over six years. Three days later they said it was £7,700. Three months later it had gone up to nearly £12,000.

"They seem to have made a series of errors for which we are having to pay. We have paid £4,000 already with money set aside and have been given the right to find the error. We do not have the funds to meet an emergency like this."

In Cardiff a Wales Gas official admitted the error and said: "The meter was wrongly identified as one of four dials instead of five."

RING OF STEEL

Armed troops with tanks and armoured cars surrounded an El-Al jumbo jet on the tarmac at Heathrow airport yesterday in a security exercise simulating methods of dealing with a potential terrorist attack.

Law Report December 4 1981 House of Lords

Underpinning job not liable to VAT

ACT Construction Ltd v Customs and Excise Commissioners. Before Lord Diplock, Lord Simon of Glaisdale, Lord Keith of Kinkaid, Lord Scarman and Lord Roskill. [Speeches delivered December 3]

A method of underpinning dwelling houses consisting in the construction of an additional foundation to the affected building was not work of "repair or maintenance" and was therefore zero-rated for value-added tax.

The House of Lords so held in dismissing an appeal by the Customs and Excise Commissioners from the Court of Appeal (Lord Denning, Master of the Rolls, Lord Justice Brandon and Lord Justice Ackner) (The Times, October 10, 1981) 1 WLR 49) which had held in favour of ACT Construction Ltd, of Orpington, Kent, that extensive work carried out in 1976 under a contract for the alteration of the building which did not fall within the ordinary and natural meaning of "repair or maintenance". Accordingly it fell to be zero-rated under item 2 of group 8 of schedule 4 to the Finance Act 1972 as updated by the Value Added Tax (Consultation) Order 1976 (SI 128).

The company were employed to carry out underpinning operations to houses of which the original foundations had been built in 1926 and acceptable then under the current building regulations, had been found seriously wanting as a result of the drought of 1976. The company's method of underpinning consisted of the construction of an additional foundation to the affected building, but also entirely separate from whatever original foundations still existed. It followed that whatever remained of these original foundations were or had become, were left unaltered.

On August 8, 1978, a Value Added Tax Tribunal upheld the Customs and Excise Commissioners' assessment of the company to VAT on the basis that though the work done was a service in the course of the alteration of the building it was not zero-rated because it came within the exception for "alterations" in item (a) (i) to Group 8

of schedule 4 of the 1972 Act. Item 2 of group 8 provides: "The supply, in the course of the alteration, extension or demolition of any building or of any civil engineering work, of any services... (2) item 2 of group 8 of schedule 4 of the 1972 Act does not apply to any work of repair or maintenance."

Mr Simon D. Brown and Mr Michael Beloff, QC and Mr David Fannick for the company.

LORD ROSKILL said that the appeal raised directly one short point of construction of group 8, but also raised, albeit indirectly, a second point of construction on which Lord Denning and Lord Justice Ackner expressed their views, albeit differently.

The provisions of schedule 4 both before and after amendment in 1976 were concerned with zero-rating for the purposes of VAT. Group 8 of that schedule specified three kinds of work which were not liable to zero-rating, with notes.

The commissioners assessed certain underpinning work done by the company to VAT in the sum of £1,072. The company appealed the VAT Tribunal in London dismissed the appeal. Mr Justice Drake (as he then was) allowed the company's appeal as did the Court of Appeal.

But since he urged that the determination of that true below was wrongly made. The phrase was a single composite phrase "repair or maintenance".

Mr Brown contended that underpinning was "repair or maintenance" because it was done to stop the buildings falling down.

In the courts below there was much reference to decisions in disputes between landlords and tenants arising from repairing covenants in leases where covenants had been assumed by tenants towards their landlords.

On the central question his Lordship found the reasoning in Lord Justice Brandon's judgment compelling. He said: "... the work was not done to any existing part of a building in the ordinary and natural meaning of that word."

Like Lord Justice Brandon his Lordship stressed that that was not a question of the nature of the work, but of the nature of the building to which it was applied.

His Lordship thought that Mr Brown's contention on that point below was wrongly made. The phrase was a single composite phrase "repair or maintenance".

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Citizen's duty to prevent breach of peace

Albert v Lavlin. Before Lord Diplock, Lord Simon of Glaisdale, Lord Keith of Kinkaid, Lord Scarman and Lord Roskill. [Speeches delivered December 3]

Every citizen in whose presence a breach of the peace was being or reasonably appeared to be committed, had a duty to take reasonable steps to make the person who was breaking or threatening to break the peace refrain from doing so, and those reasonable steps in appropriate circumstances included detaining him against his will.

The House of Lords so held in dismissing an appeal by the defendant, Mr Albert, from a reserved judgment of the Divisional Court (Lord Justice Denning, Lord Justice Bristow) (The Times, December 3, 1981) 1 WLR 1070.

The Divisional Court had dismissed an appeal by Mr Albert by case stated against his conviction by a magistrates' court of assaulting a police officer. Mr John Lavlin, in the Divisional Court, certified that the following point of law of general public importance was involved: "Whether a person charged with an offence of assault may properly be convicted if the court finds that he acted in the belief that facts existed which if true would justify his conduct in the use of self-defence but that there were in fact no reasonable grounds for so believing."

Lord Diplock, Lord Simon of Glaisdale, Lord Keith of Kinkaid, Lord Scarman and Lord Roskill agreed.

He obstructed Mr Albert from boarding the bus out of town. Mr Albert's conviction, therefore, was being restricted by the Divisional Court.

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rely on the defence of a mistaken belief that facts existed that justified the assault as the exercise of a right of self-defence of which he would have been entitled to avail himself if the belief had been correct.

That consideration had involved reference to more than a score of reported cases on mens rea, "subjective" and "objective" tests and related points, which had led Mr Justice Hodgson to the conclusion that there had to be a mistaken belief in the facts which he relied on as a defence.

With the correctness of that the House was not concerned. The question at which it had been directed simply did not arise. What had been overlooked was the argument in the Divisional Court and in the parties' written cases before the House was that to the well established principle that a citizen has a duty to prevent a breach of the peace, there was an equally well established exception, not confined to, but extending to, persons who were breaking or threatening to break the peace from doing so, and those reasonable steps in appropriate

circumstances which appear to him to be proper, (ii) a person being detained in such circumstances, but who does not accept that the person detaining him is a constable may be convicted of assault on a constable in the exercise of his duty if he uses no more force than is reasonably necessary to protect himself from what he mistakenly and honestly believed to be an unjustified assault and false imprisonment.

It is in the first question "reasonably" were inserted before "appear", the answer to each question was "yes".

Unfortunately, in the Divisional Court the appeal had proceeded on the basis, apparently unanticipated by either party, that there was only one exception, on what Mr Justice Hodgson, giving the main judgment, called the well-established principle that to detain a man against his will without arresting him is an unlawful act and a serious interference with a citizen's liberty, namely where the detention was effected by a constable in the execution of his duty.

That had led the judge into a lengthy and erudite consideration of what had to be the state of mind of a person charged with assault in order to enable him to

cases would include detaining him against his will.

At common law that was not only the right of every citizen, it was also his duty, although, except in the case of a citizen who was a constable, it was a duty of good will.

On the magistrates' findings, that exception had plainly been applicable to the instant case. It had been drawn to the court's attention at the opening of the appeal when their Lordships had been asked to consider the case. Even if Mr Albert's belief that PC Lavlin was a private citizen and not a constable had been correct, it would not have made his restraint of PC Lavlin's restraint of him lawful.

The question certified by the Divisional Court was a hypothetical one on which it had not been necessary, and would not have been proper, for their Lordships to hear argument, and they should decline to answer it.

Lord Simon, Lord Keith, Lord Scarman and Lord Roskill agreed.

Solicitors: Somers & Layne, Birmingham.

Warrants with no notice

Regina v Chichester Justices, Ex parte Collins. Regina v Dewsbury Justices, Ex parte Simpson.

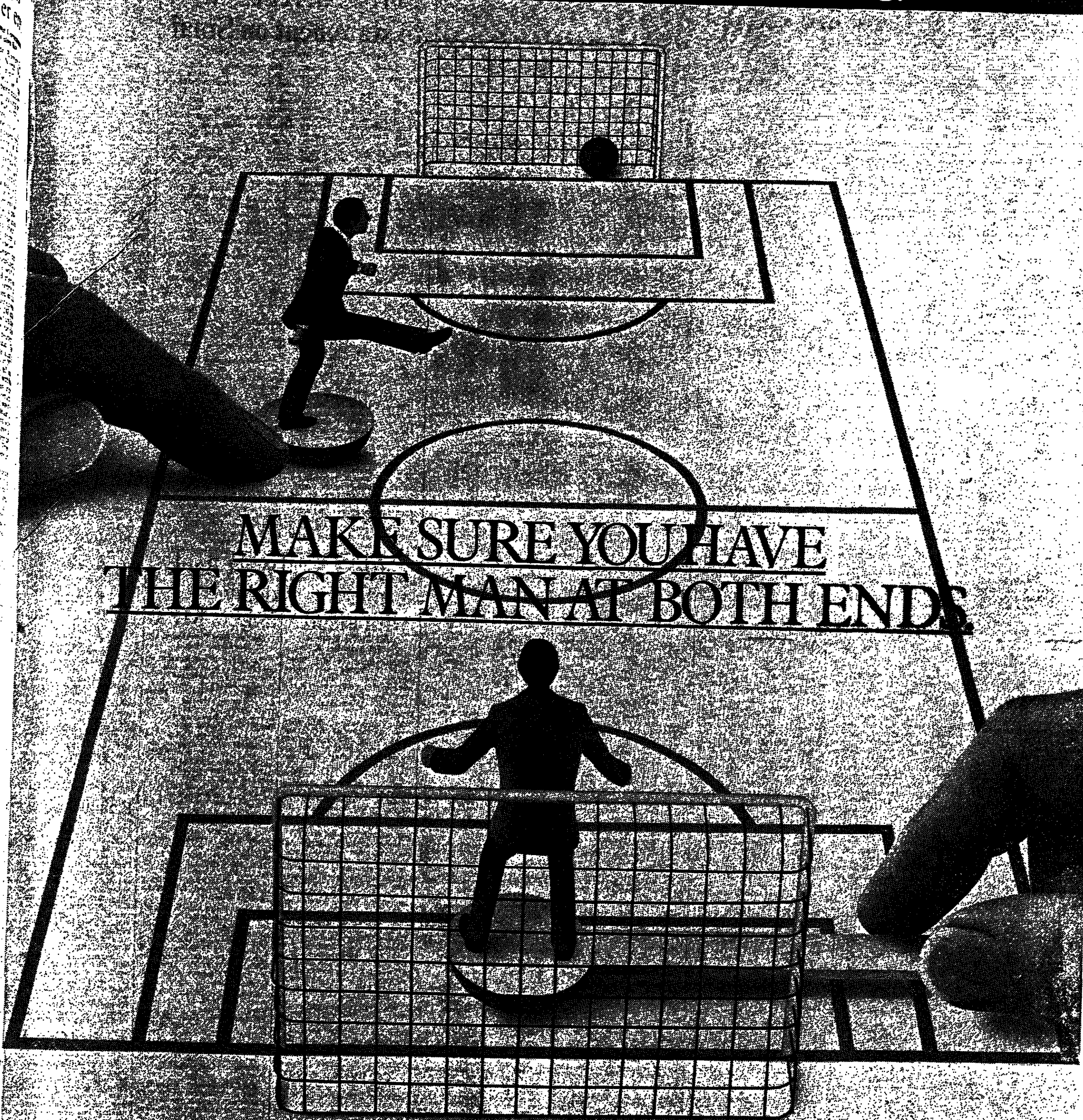
A magistrates' court was not required to give further notice before issuing a warrant of commitment where it had previously issued a warrant of arrest and the warrant of commitment was issued on the same facts.

The House of Lords so held in dismissing an appeal by the appellants from the Divisional Court (Lord Justice Denning, Lord Justice Bristow) (The Times, December 3, 1981) 1 WLR 79) that warrants issued should be given to an officer before making any judicial order against him so as to give him the opportunity of making representations to the court.

issued amounted to a breach of the rules of natural justice. However, although a warrant was issued as a judicial act, there was no need for any judicial order to be pronounced.

In these circumstances, although it would be necessary for the court to satisfy itself that the conditions of postponement had not been complied with, the process was not one which fell within the principle referred to in R. v. Brightman, Magistrates' Court, Ex parte Hamilton, R. v. Magistrates' Court, Ex parte Forrest (The Times, June 18, 1981) 3 WLR 79) that warrants issued should be given to an officer before making any judicial order against him so as to give him the opportunity of making representations to the court.

TACTICS FOR EXPORT GOALS.



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THE RIGHT MAN AT BOTH ENDS

When you're exporting you need people on your side with the right skills. They need to be in the right place, both at home and abroad.

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At the foreign end, Barclays is also well-represented. Wherever you export, we've probably got a branch there. After all, we have the biggest overseas branch network of any British bank, with 2,000 branches in 80 countries.

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We don't just offer all the export finance and banking services your operation needs - advice on markets, advice on import regulations, ECED policies - all with fast, efficient documentation and payment. We'll bring them closer to you than any other British bank.



BARCLAYS
International

PEOPLE WHERE IT COUNTS

Nato welcomes Spanish initiative to join alliance

From Frederick Bonart, Brussels, Dec 3

Spain could be the sixteenth member of Nato by next spring. The way was opened last night when Dr Josep Lluís, the Nato Secretary-General, was handed a letter from Señor José Pedro Pérez-Llorca, the Spanish Foreign Minister, intimating that Spain was ready to be invited to join Dr Lluís welcomed the Spanish initiative on behalf of the North Atlantic Council, which was rapidly convened.

The letter was delayed for 24 hours, according to a senior diplomat at Nato, some of the member governments, in particular the Greeks and the Dutch, had to reassure their oppositions who felt that the inclusion of Spain at this stage would upset the East-West balance.

The council announced to day that foreign ministers will have the opportunity of making their views known at the meeting of the North Atlantic Council next Thursday when, as a next step, a protocol of accession will be drawn up and considered by ministers.

This protocol is then due to be formally signed during a plenary session of the council which will probably be attended by Mr Andreas Papanastasiou, the Greek Prime Minister, who is attending the meetings in his capacity as Defence Minister. The Spanish Foreign Minister is also being invited.

Thereafter the protocol will be sent to the other member countries for ratification in accordance with their individual national constitutional processes. It is hoped at Nato that this will be completed in time for Spanish ministers to be able to participate in the 1982 spring ministerial meetings.

The immediate importance of this move for Nato is political, according to senior diplomats here, as the admission of a new democratic country to the Western alliance at this time demonstrates the Western will to maintain its ideas and values.

The practical details will only be negotiated in the coming weeks, but it is expected that Spain will wish to participate in the increased military structure like all member countries except France. This is felt to be of special importance at present when there is doubt about the Greek position.

The Spanish Navy and Air Force would be the country's main contribution to Nato. With their modern equipment and training, they would fit in well with other allied forces and have an important role to play in the Atlantic and in the Mediterranean, particularly in anti-submarine operations which continue in peace and war.

Nato would then have forces in the existing Iberian Atlantic Command, under the Supreme Commander Atlantic, and others in a possible Western Mediterranean Command under the Southern European Command in Naples.

For geographical reasons there is unlikely to be an immediate task for the Spanish Army although, following the Portuguese example, it could be sent to the Canary Islands for operations in Europe from permanent bases in Spain.

The value of Spain to Nato lies in its size, its location and its armed forces. Spain has a battle-field more than 40 years ago in the civil war.

With 342,000 in uniform, their strength closely resembles that of Britain's three services. But two out of every three Spanish servicemen are conscript fulfilling his 15 months military obligation to the state.

The proportion is higher in the Army which has 190,000 conscripts in a total strength of 255,000, according to the International Institute for Strategic Studies in its latest edition of *The Military Balance*. Altogether about 100,000 young men start national service every year.

Spain is divided into nine military districts which are garrisoned by the territorial defence forces of the Army. They are responsible for the defence of that district, while the spearhead of any operations against a national enemy either at home or abroad is formed by the intervention forces which are formed into a corps with three divisions, one armoured, one mechanized and one simply motorized without armoured vehicles.

Spain has a foreign legion with three regiments which are all regular and all Spanish (unlike the French Foreign Legion which as everyone knows is full of other nationals who are trying to forget).

The foreign legionnaires form a high proportion of the 19,000 troops which, according to *The Military Balance*, are still stationed at Ceuta and Melilla on the Moroccan coast. Nearly 6,000 other troops are in the Balearic Islands at any one time and 19,000 more are in the Canary Islands.

American aid in return for military basing rights has helped Spain to bring its services up to date in the past two decades. Most of the best aircraft, tanks and ships were supplied by the United States and the Air Force and Navy, mainly because they were in the greatest need.

As a result the Air Force has now more than 190 warplanes, including mainly French built Mirage and American F4s for air defence and American F5s for ground attack. Three years ago a plan was also announced to procure some of the latest American F16s and F15s and in the 1980s, although no mention was made of the numbers involved. A separate air command exists in the Canaries.

The Navy, though, has been described as the best equipped of the services with eight submarines and 12 frigates. Certainly it is the Navy and the Air Force which will be most welcomed by Nato. A modern air defence network called *Comandante*, consisting of a chain of long-range radar and surface warships, certainly it is the Navy and the Air Force which will be most welcomed by Nato.

The United States has already used facilities in Spain under the series of bilateral agreements, now in the process of being renegotiated. American bases exist still at Torrejon and Zaragoza, while Moron is a standby base for emergencies.

But Rota, once an important naval base used by ballistic missile submarines is now mainly a resupply depot for the fleet. It is the only base in the world where the fleet can refuel and take on board the accompanying aircraft.

But the Spanish have been anxious to modernize in the past that they should not be taken for granted. Already they have made it clear that even when in Nato they will not allow Spanish territory to be occupied by nuclear weapons. Full membership, however, will formalize this relationship with the allies, most of whom will regard this alone as cause for celebration.

The Spanish authorities' current mood is optimistic. Gibraltar and the refusal of the majority of Nato partners to consider guaranteeing Spain's two ancient enclaves on the Moroccan coast, Ceuta and Melilla, helps both the Socialists and the isolationists to maintain that Nato does not solve Spain's real defence problem on its southern flanks.

Abroad more than inside Spain, it is often said that joining Nato will help the new democracy to avoid the risks of a later-day Franco staging another military coup.

Unfortunately for Nato, the debate over joining has coincided with fresh coup rumours and worrying incidents underlining that Spain lacks a tradition of armed forces subordinate to civilian rule. This helped to swell the recent sizable anti-Nato demonstration of the Socialists and Communists.

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Russia sees Military and strategic entry as inevitable balance of forces

By Henry Stanhope, Defence Correspondent

From Michael Byman, Moscow, Dec 3

The Russians have campaigned long and hard against Spanish membership of Nato, but for some time have regarded the country's participation in the organization as inevitable.

Moscow has given Madrid several blunt warnings over the issue. In September the Soviet Chargé d'Affaires in Madrid handed over a Note which said Spanish membership affected the interests of the Soviet Union and wide-ranging security interests in Europe and beyond.

The Note said Spain's membership in an alliance, which the Russians have repeatedly denounced as an aggressive bloc, would increase international tension. The Note was rejected as interference in Spanish affairs.

On Monday *Pravda* said the decision to join Nato was being taken against the wishes of millions of Spaniards. It said membership would "lead to a heightening of tension on the Continent and in the world, to a spiralling of the arms race".

Since Moscow reestablished diplomatic relations with Madrid in 1977 a number of incidents have strained the new relationship. Several Soviet diplomats have been expelled for spying and the Russians have been accused of supporting the Basque separatist group ETA.

Moscow has not been able to call on the support of the Spanish Communist Party, which has taken a defiant stand on several important ideological issues and is one of the leaders of the Euro-communist movement.

In effect, however, the Russians have long regarded Spain as an integral part of the Western defensive block because of its bilateral defence treaty with the United States.

Spain is divided into nine military districts which are garrisoned by the territorial defence forces of the Army. They are responsible for the defence of that district, while the spearhead of any operations against a national enemy either at home or abroad is formed by the intervention forces which are formed into a corps with three divisions, one armoured, one mechanized and one simply motorized without armoured vehicles.

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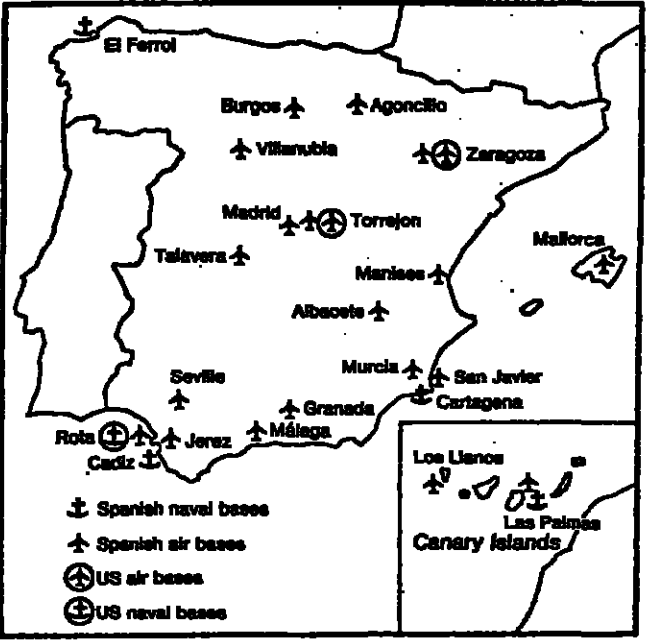
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Suspicion of foreign alliances harks back to Franco era

From Richard Wigg, Madrid, Dec 3

Second World War Spaniards privately sympathized with one or the other side their country did not undergo the profound forging process of a national war effort.

The result, and this has overshadowed the debate as the Calvo Sotelo Government steered the Nato issue through Parliament this autumn, is a public opinion with a strong hankering for not becoming "involved in foreign alliances".

Some observers believe that the Spanish Socialist Party leaders, uncomfortable over their objection to Spanish entry, calculated that opposing the Government over Nato would help to prepare the party's acceptance by sections of the nationalist lower middle classes at the next general election.

The ordinary Spaniard's ignorance about Nato, coupled with the way the Americans exploited the facilities accorded them by Franco's 1953 Treaty of Friendship, has created popular suspicion. This explains why the Government refused to agree to opposition demands for a referendum before joining. It will also complicate Spain's effectiveness in Nato.

General Franco did not invent Spanish isolation, he exploited it especially to serve his own regime. Spain's armies and navy have not fought a single war to defend their homeland since Napoleonic times. Though in the First and

the Spanish authorities' current mood is optimistic. Gibraltar and the refusal of the majority of Nato partners to consider guaranteeing Spain's two ancient enclaves on the Moroccan coast, Ceuta and Melilla, helps both the Socialists and the isolationists to maintain that Nato does not solve Spain's real defence problem on its southern flanks.

Abroad more than inside Spain, it is often said that joining Nato will help the new democracy to avoid the risks of a later-day Franco staging another military coup.

Unfortunately for Nato, the debate over joining has coincided with fresh coup rumours and worrying incidents underlining that Spain lacks a tradition of armed forces subordinate to civilian rule. This helped to swell the recent sizable anti-Nato demonstration of the Socialists and Communists.

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Doubts remain over European reaction to statement on Sinai

From Christopher Walker, Jerusalem, Dec 3

The Israeli and American Governments tonight issued the text of their joint statement about the Sinai peace-keeping force which is intended as a compromise to avert a threatened Israeli veto on the participation of contingents from four European nations.

Earlier in the day the text had been unanimously approved at a special session of the Israeli Cabinet. It will now be relayed by Israeli ambassadors to the foreign ministers of Britain, France, Italy and the Netherlands.

According to today's *Calist* decision the four EEC Governments will be requested "to confirm the acceptance of the principles detailed" in the statement.

There was "uncertainty tonight about how the Europeans will react. But one European diplomat in Tel Aviv emphasized that the future of European participation would depend on the type of acceptance which Israel is looking for. 'The bill is still very much up in the air', he said.

As expected, the statement emphasized that the basis of participation in the multinational force is the peace treaty originating in the Camp David accord and the protocol signed this summer by Egypt and Israel.

The statement added: "The United States and Israel recognize that the positions held on any other aspects of the problem in the area by any state which agrees to participate in the multinational force do not affect the obligation of that state to comply fully with the protocol."

The two governments conclude by reiterating their own commitment to Camp David as "the only viable and ongoing negotiating process". They make a joint pledge of determination to make progress in the negotiations on Palestinian autonomy which are still in a state of deadlock.

Washington: American officials said they did not expect any problem over Britain, France, the Netherlands and Italy accepting the principles contained in the statement as a basis for their participation in the peace-keeping force (Nicholas Ashford writes).

They said that the joint statement was issued with the expectation that it would facilitate the participation of the four European countries in the multinational force.

The officials said that Egypt had been informed of the joint declaration. It was not a legal document and did not affect the status of the Sinai Peninsula for the State of Israel.

Officially, the British, who have been keeping in touch with Washington while the Americans have been working to persuade the Israelis not to reject European participation, were hoping that no further action would be required of them.

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Text of US-Israel strategic accord

Washington—Here is the official English text of the "Memorandum of Understanding between the Government of the United States and the Government of Israel on strategic cooperation" signed in Washington on November 30.

PREAMBLE

"This memorandum of understanding reaffirms the common bonds of friendship between the United States and Israel and builds on the mutual security relationship that exists between the two nations. The parties recognize the need to enhance strategic cooperation to deter all threats from the Soviet Union to the region.

Noting the long-standing and fruitful cooperation for mutual security that has developed between the two countries, the parties have decided to establish a framework for continued consultation and cooperation to enhance their national security by deterring such threats to the whole region.

The parties have reached the following understanding in order to achieve the above aims:

ARTICLE I

"United States-Israel strategic cooperation, as set forth in this memorandum, is designed to meet the threat to peace and security of the region caused by the Soviet Union or Soviet-controlled states within the region. It has the following broad purposes:

1. To enable the parties to act cooperatively and in a timely manner to deal with the above mentioned threat.

2. To provide each other with military assistance for operations of their forces in the area that may be required to cope with this threat.

ARTICLE II

"The fields in which strategic cooperation will be carried out to prevent the above mentioned threat to the security of the region include:

A. Military cooperation between the parties, as may be agreed by the parties.

B. Joint military exercises, including naval and air exercises, in the Mediterranean Sea as agreed upon by the parties.

ARTICLE III

"The Secretary of Defense and the Minister of Defense shall establish a coordinating council to further the purposes of this memorandum:

A. To coordinate and provide guidance to joint working groups.

B. To monitor the implementation of cooperation in the fields agreed upon by the parties within the scope of this agreement.

C. To hold periodic meetings, in Israel and the United States, for the purposes of discussing and resolving outstanding issues, and to further the objectives set forth in this memorandum.

Special meetings can be held at the request of either party. The Secretary of Defense and the Minister of Defense will chair these meetings whenever possible.

Joint working groups will address the following issues:

A. Military cooperation between the parties, including joint United States-Israel exercises in the Mediterranean Sea.

B. Cooperation for the establishment of joint readiness activities including access to maintenance facilities and other infrastructure consistent with the basic purposes of this agreement.

C. Cooperation in research and development, including as a co-operation in this area.

ARTICLE IV

"This memorandum shall enter into force upon exchange of written instruments of ratification. The parties shall complete the procedures for ratification by each party. If either party considers it necessary to terminate this agreement, it may do so by notifying the other party six months in advance of the effective date of termination.

ARTICLE V

"Nothing in this memorandum shall be considered as derogating from previous agreements and understandings between the parties.

ARTICLE VI

"The parties share the understanding that the purpose of this memorandum is intended to or shall in any way prejudice the rights or obligations which devolve on or devolve upon either government under the Charter of the United Nations or other international law. The parties reaffirm their faith in the purposes and principles of the Charter of the United Nations and their commitment to peace with all countries in the region.

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ARTICLE XV

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Opposition joined in giving general welcome.

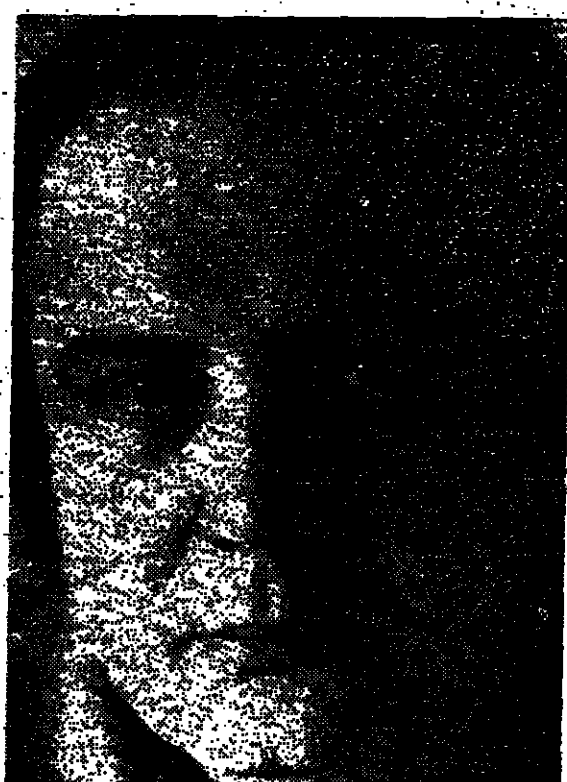
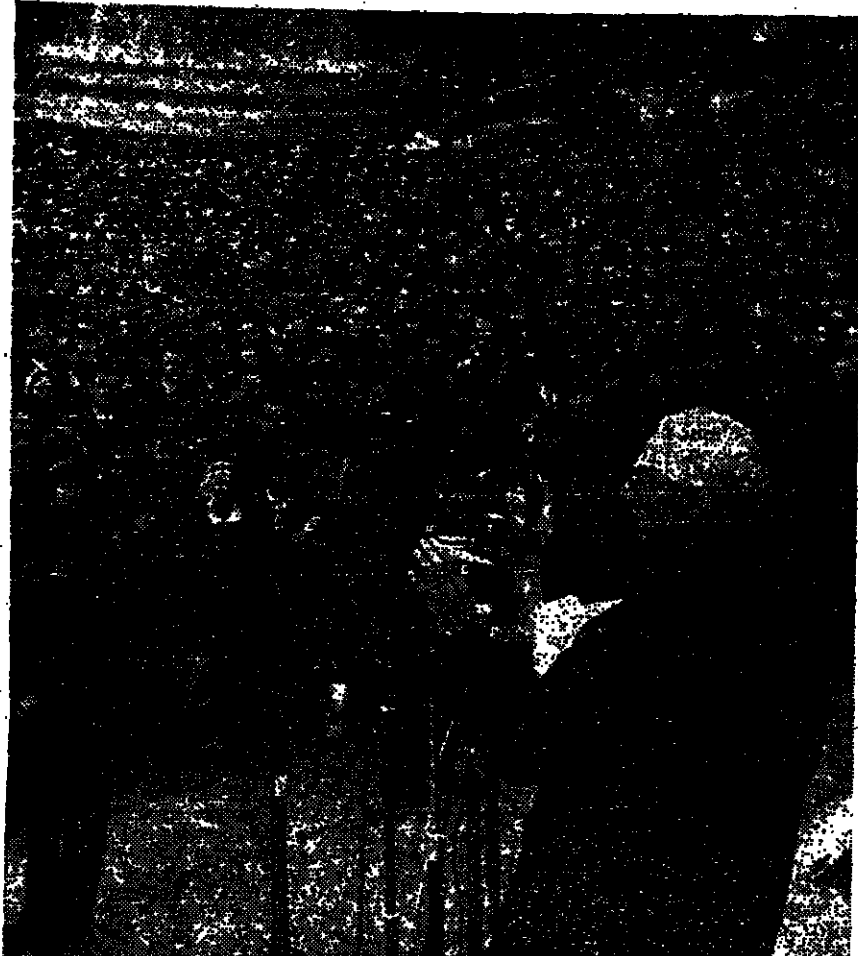
Mr. Mackay, of Clatsop, the Advocate, said though the of Scotland's jurisdiction had been changed greatly, substance would be affected strikingly little.

general it would remain possible to raise actions in Scotland as previously.

the Bill would be considered use not only to legal practitioners but to the commercial community.

The Bill was read a second

In the week that the Americans and Russians begin talks about arms reductions, Vladimir Bukovsky gives a warning to the West



Since Vladimir Bukovsky was expelled from the Soviet Union, he has tried to alert the West to the true nature of the Russian regime. Here he argues that Western nuclear disarmament movements like that led by Bertrand Russell in the fifties (left) and the revival of CND in the eighties (right) are a naive response to concerted Soviet propaganda.



Better red than dead is not good enough

I was not very surprised when suddenly, within a year of the Soviet invasion of Afghanistan, a mighty peace movement came into being in Western Europe. Having lived 34 years in my beloved communist motherland, I can easily predict many of their decisions, tricks, pranks and stunts. In fact, it is not very difficult to do, for the Soviet state is not a very intelligent creature, rather a huge brainless ante-diluvian reptile with a fixed set of reflexes at its disposal.

What was more amusing to observe was the apparent eagerness with which mature and responsible people had fallen into the Soviet booby-trap in their thousands. It is as if history was repeating itself in front of us, giving us a chance to see how the Russian state collapsed in 1917, or how France collapsed in 1940.

Once again, the universal craving for peace at any price has rendered people illogical, irrational, unable to think calmly. Their arguments, if one may call them so, are so childish, senseless, selfish, that an involuntary smile comes to one's lips. Any intelligent discussion is impossible with them, because at best they would parrot out the old, mouldy Soviet slogans and clichés which even school children in the Soviet Union would laugh at.

To begin with, why is it that everybody started suddenly to be so apprehensive of nuclear war? What happened to make it more real than a year ago? Just because the Soviet rulers were caught cheating the West, and the new American Administration decided to change the pattern of their negotiations with the Soviets, the war is more real? But clearly, the whole history of East-West relations shows that the only way to force the Soviets to respect agreements is to be in a position of strength.

So should we say that war is more real now than a year ago just because the Soviets have got themselves into a difficult position and may lose their military superiority? Should we, then, go further to suggest that the only guarantee of peace is Soviet superiority?

The Soviet-controlled World Peace Council writes in its booklet of 1980: "The people of the world are alarmed. Never before has there been so great a danger of a world nuclear holocaust. The nuclear arms build-up, the accumulation of deadly arsenals has reached a critical point. Further escalation in the arms build-up could create a most dangerous situation facing humanity with the threat of annihilation."

But why was it not so dangerous a year or two ago? Why has it become so dangerous

only now? Were not the leaders of the peace movement claiming that the nuclear potential accumulated on both sides is sufficient to destroy each other ten times? Is there any technical reason why "20 times" is more dangerous than, say, "5 times"? Somehow, amidst this nuclear hysteria, it is totally forgotten that the bombs themselves are quite harmless unless somebody wishes to throw them. So, why are we suddenly alarmed by the stockpile of hardware and not by the Soviet military move toward the Persian Gulf?

Quite suddenly a large proportion of the population has started an outcry: "Nuclear weapons are immoral!" Wait a minute. Have they just become immoral, while a couple of years ago they were all right? Are conventional weapons moral? Why has this idea just occurred to all these people?

Or take the example of the new missiles in Europe. Why is it more dangerous to replace the old missiles with new ones than to leave the old ones where they are? Were not the old ones equipped with nuclear charges as well? Indeed, the new ones are more accurate. Thank God they are on our side. It may make life more difficult for the Kremlin adventurers. But why should millions of people in the West see it as a tragedy and a danger?

In the depth of their hearts, the majority of these frightened people have a simple answer to all these "whys". They know that the only source of danger is the Soviet Union and anything which makes it angry is dangerous. But the fear is so paralyzing as to make them totally irrational — as illogical as advocating the abolition of police forces just because criminals have become too aggressive.

Indeed, the most amazing aspect of the present anti-war hysteria is not only the timing of its start, so remarkably favourable for Moscow, but the direction of the campaign. Millions of people in Great Britain, Germany, Holland, Denmark, Belgium, France and Italy, being supposedly of sane mind, claim that the threat of war comes from their own governments and the Government of the USA! Psychoanalysts would call it a Freudian replacement of a real object of fear with an imaginary one.

The facts are too obvious. One may like or dislike President Reagan or Chancellor Schmidt, but unlike comrade Brezhnev, they were elected by a majority of their populations and are fully accountable to their parliaments and to the people. They cannot simply declare a war of their own volition.

Besides, it is quite easy to see the real source of aggression. Was it American or the Soviet troops who occupied half of Germany and erected a wall in Berlin? Is it not the Soviets who occupy Hungary, Czechoslovakia, Bulgaria, the Baltic States and Afghanistan against the wish of the people in these countries? Are they East or West German troops which concentrate on the Polish border at this very moment?

Everything in the West is done quite openly (one might say, far too openly). But what do we know about the decisions made by 15 old fools, whom nobody elected to make these decisions and nobody can bring to account? No press is allowed to criticize them, no demonstrations to protest against them. Those who refuse to obey their secret orders disappear forever. In fact there is little difference between the Soviet system and that of Nazi Germany.

After speaking several times with the proponents of the current peace movement, I know that no logic would impress them. They would claim unabashed that there is no Soviet military superiority (it is all, as they say, CIA propaganda, the only reliable source of information for them being the KGB). Repeating word for word the old clichés from Pravda, they would maintain that the "crazy American generals" are so trigger-happy as to push a button just for the fun of it. (Although they never could understand why generals must be crazy — the Americans, of course, not the Soviet generals, who are, apparently, immune to craziness — and if they are, why they did not push the bloody button long ago?) Anyway, I can hardly imagine that the generals who at least have had a good technical education, are more stupid and less equipped to understand nuclear problems than the primary school teachers and historians from the peace movement.

Some of these "peace makers" sincerely believe that as soon as the West disarms itself, the Soviets will follow suit. And with incredible naivety they ask us to try this suicidal experiment. Others are more sophisticated and know that their Soviet masters need only to gain time and a more advantageous position in future negotiations with the Americans. So they suggest starting negotiations first and improving the Western position later.

Some are more openly selfish and object only to the placement of nuclear weapons near their own village (town, county or their whole country) as if being

protected is more dangerous than not to be. Or, better still, as if one village, town or country can maintain nuclear neutrality in the time of a modern war. "Let Americans fight the Russians" as if the whole problem of the world stems from a stupid quarrel between "Americans and Russians".

Surely, they argue, if comrade Brezhnev has promised to respect the "nuclear-free zone" in case of war, we may sigh with relief and sleep peacefully. Has comrade Brezhnev ever broken his word? Of course not. He is a most honest man, is he not? He can even guarantee the direction of the "nuclear-contaminated clouds" and the location of the radio-active fall-out.

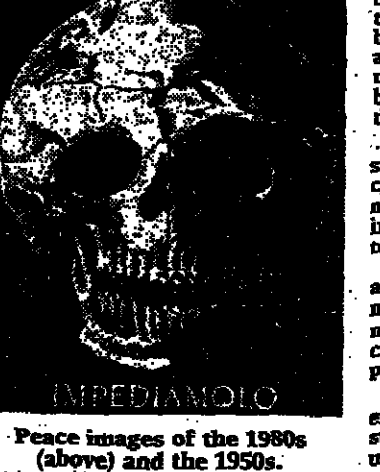
"Why should the Russians attack us, if we are disarmed?" Why indeed? Ask Afghani peasants. They probably know.

There is no sense in repeating all these "arguments". In fact, to argue with the "peace lovers" is as senseless as arguing with an old hysterical lady or with Soviet propaganda itself. One thing stands out quite clearly through all their arguments: a panic fear and a readiness to capitulate in front of the Soviet threat even before the capitulation is demanded. Better red than dead. That is why the current Soviet propaganda suddenly became so remarkably successful and this peace movement is so efficiently governed from Moscow.

There is hardly any country, political party or international organization which did not condemn the Soviet aggression unequivocally (including even some communist parties). The only organization which never did, paradoxically, calls itself the "peace movement". It is equally obvious that a Soviet invasion of Poland would bring us closer to a new world war or, at least, will make relaxation of international tension quite impossible for 10 to



Peace images of the 1980s (above) and the 1950s.



Peace images of the 1980s (above) and the 1950s.

the rest of the continent. At that time, some "imperialist warmongers" had sounded an alarm and even suggested to increase the armaments of the capitalist countries. Due to their vicious efforts, the "very aggressive" Nato alliance was created and "reactionary forces" of the world had started the "cold war".

There were numerous marches, rallies and petitions in the 1950s (including the famous Stockholm Appeal and the meetings of the indefatigable World Peace Council). It is hardly a secret now that the whole campaign was organized, conducted and financed from Moscow through the so-called Peace Fund and the World Peace Council, where a safe majority was secured by such puppet-figures as Erenburg, Ilikov, etc.

15 years. Once again, the only organization which did not condemn the Soviet threats to Poland was the "peace movement".

It is common sense to try to restrain both sides of the would-be conflict if we are to promote peace. But the "peace movement" is so "unilateral" that it entirely ignores "the other side", quite deliberately protecting its interests. They cry shame at the Americans for non-existent weapons like the neutron bomb, or for yet-to-be-deployed cruise and Pershing. But the hundreds of SS-20 missiles aimed at Europe do not get more than a brief mention.

At a time when a quarter of a million "peace lovers" are noisily expressing their "unilateral" feelings, thousands of young people in the USSR are imprisoned because they refuse to support the aggressive Soviet policies, because they refuse to serve in the army or shoot civilians in Afghanistan. And still in exile is the Nobel Peace Prize winner Andrei Sakharov, who has done more than anybody in the world to stop nuclear bomb tests.

Did the self-appointed "peace makers" ever say a word in support of these noble people? Never. They would happily throw stones at General Haig, but they would welcome with servile smiles Marshal Brezhnev. A good dog does not bark at its master.

There are plenty of naive and frightened people in the ranks of the peace movement. As in the 1950s, it probably consists of an odd mixture of communists, fellow-travellers, middle-headed intellectuals, hypocrites seeking popularity, professional political speculators, frightened bourgeois and young people eager to rebel against anything. But there is no doubt that this motley crowd is governed by a handful of scoundrels instructed directly from Moscow. Just when I was about to finish this article, the news came about one of the leaders of the peace movement in Denmark, Mr Petersen, being arrested with his wife for channelling the Soviet money into the funds of the peace movement. His master, the Second Secretary of the Soviet Embassy, was expelled from the country.

Right in front of me is further proof, a pamphlet called *Programme of Action 1981*. It was published in Helsinki by a Soviet organization notorious in the 1950s, the World Peace Council, and it gives a detailed account of how the current "peace movement" was organized. It also gives precise instructions on where, when and what must be done by different groups of the "peace movement" in 1981.

The purpose of all this pandemonium was quite well calculated in the Kremlin. First, both the threat of nuclear war (of which the Soviets reminded periodically by creating international crises) and the scope of the peace movement should frighten the bourgeoisie and should make them more tractable.

Secondly, the recent Soviet subjugation of Central European countries would be accepted more smoothly by public opinion in the West and quickly forgotten.

Thirdly, it creates in Europe anti-American sentiments and mistrust of their own governments, thus increasing the chance of victory for opposition parties (more left, as a rule).

Fourthly, it made military expenditures and placement of strategic nuclear weapons so unpopular, so politically embarrassing that in the end it considerably slowed down the process of strengthening Western defences, giving the Soviets crucial time to catch up.

Fifthly, this odd mixture, mentioned above, is usually the most socially active part of a population and it is important to give it the right direction, otherwise it may by chance stray into activity harmful to the Soviet interests.

All in all, the result had exceeded all expectations and the Soviet money seemed to be well spent. The perception of the Soviet Union as an ally of the West (but not of the Nazis) was still fresh in the minds of the people and this fact, undoubtedly, has greatly contributed to the success of the "struggle for peace".

The Soviet use of 'peace'

1916

Soldiers on the Russian Front urged by the Communists to desert in their 100,000s for a "just peace without annexations", prolonging the First World War for another year, causing thousands of deaths on the Western Front.

1920

The wish for peace at any price brings to an end the Russian Civil War, which had caused the deaths of 20 million, leaving the communists in control.

1939

In the name of preserving peace, the Molotov-Ribbentrop pact was signed, allowing the Soviet Union and Germany to divide Poland between them. Britain and France condemned by the Soviet Union for declaring war on Germany. Communists in the West encouraged to sabotage war efforts.

1940

The fall of France welcomed by French communist leaders who, using German presses, urge workers to undermine resistance.

1941

Tito's call for resistance against German occupation of Yugoslavia waits until the Nazi invasion of the Soviet Union.

1945

Peace in Europe amounts to surrendering a dozen countries to Soviet rule. Nato condemned as "very aggressive".

1950s

A rise in the campaign against nuclear weapons. The Stockholm Appeal and the World Peace Council organized, financed and conducted from Moscow through the "Peace Fund". Pacifist pressure on western leaders allowed the Soviet Union to catch up on nuclear arms.

1960s

Poor performance of the Soviet economy causes the Soviet Union to hatch a "détente" policy to thaw the cold war and lift pressure to spend on arms.



1971

Brezhnev launches a "peace programme", agreeing to a slowdown in arms spending if various demands met.

1975

The Helsinki Agreement confirms the "détente" plan. It concedes the post-war frontiers in Europe, including the division of Germany, increases economic, scientific and cultural cooperation. (The Kama truck factory, built by the Americans, has begun making military trucks used in Afghanistan.)

1979

Soviet invasion of Afghanistan.

1980/81

New campaigns for nuclear disarmament across western Europe.

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Christmas with the Special Touch

WHY ARE MORE AND MORE PEOPLE DREAMING OF A DRY CHRISTMAS?



SIP IT AND SEE!

Moscow guided the rallies of the fifties

One may say with certainty that the "struggle for peace" is a cornerstone of Soviet international politics. In fact, Soviet Power itself appeared out of the ashes of the First World War under the slogan: "Peace to the Peoples! Power to the Soviets!" Perhaps at that moment the bolshevik ideologists realised for the first time what a powerful weapon is this universal craving for peace, how gullible, irrational and illogical people become as soon as they are tempted with the slightest hope for it.

This irresistible craving for peace at any price brought the terrorized population to accept the Soviet rule as a lesser evil. Anything, but this monstrous slaughter, starvation and typhoid. Anything for some sort of order.

Unfortunately, the order established by communists meant nothing less than a permanent civil war, both inside the country and universally. Or, to be more precise, a global "struggle for peace".

As an ultimate objective "peace" simply means communist world control. A resurrection of peaceful sentiments occurred shortly after the Second World War, after the Soviet Union had swallowed a dozen countries in Central Europe and threatened to engulf



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BORN TO SUCCEED

The law governing the succession to the Throne is, as things go, exceptionally favourable to the claims of women's rights. A Queen occupies the throne today in her own right, and others have preceded her: a female has no prescriptive right to inherit a dukedom or earldom. Salic law, which denied the crown of Hanover to Queen Victoria, has never governed succession to the English throne. But the law does not, even so, treat sons and daughters on equal terms, and the prospect that the royal line may soon reach a generation further has raised the question whether the law should be changed. This week Mr Michael English, M.P., has presented a Private Member's Bill in the Commons which would amend the Act of Settlement 1701 to give the first child of the Prince and Princess of Wales an unconditional claim, whether a boy or girl (subject to the other conditions laid down in the Act, which have nothing to do with gender).

Our present Queen's claim was technically conditional until the moment of her accession. A son born either to her eldest uncle (until 1936) or to her own parents would always have superseded her claim. The child whose happy delivery we look forward to next June will take second place in the line in any event, but if she is a princess, a brother will always be able to step between her and the succession. It is impossible to guess whether this might be a matter of relief or disappointment to her, but it does not sit easily with current ideas about equal rights.

Nor does the idea of monarchy itself, it may be said. The institution's great modern propagandist, Bagehot, has conditioned us to treat it carefully, as if a puff of air

might blow away the magic. The practical reasons for giving preference to a male that existed when a monarch disappeared. The need for an undisputed lineal pattern often overrode them when the heir was a baby, and ensured the succession of queens regnant at a period when soldiering was still very much a part of the normal business of kingship. But precedent is almost everything in matters of succession: the existing law has served well for centuries; why not let sleeping dogs lie?

The law is founded on an assumption of unequal competence. That assumption is not borne out by history — rather the reverse, if the examples of Elizabeth, and Victoria are considered. It is impossible to say how influential it may be upon current attitudes to sexual equality. It would, certainly, be wise to leave it as a venerable anomaly if there was any danger of serious controversy — being aroused by an attempt to change it. Public feelings on the issue at the moment are probably not very strong. But on the whole there is likely to be greater risk of controversy damaging the Crown if a princess is seen apparently being robbed of her rights than if a potential son and heir's hypothetical claim is set aside. In Sweden, where the law provided that a woman could not succeed in any circumstances, the birth of a daughter to the king and queen in 1977 was quickly followed by legislation providing that the eldest child should inherit regardless of sex. The change was popular, and remains so since the birth of the princess's younger brother.

It is not in dispute that Parliament has the right to tamper with the succession.

Since Henry IV at least, kings have relied on statute to confirm a *de facto* claim. Parliament overruled strict hereditary in the case of William III and of George I. The English monarchy was elective long before the Normans came. Considerable art in draughtsmanship may be required satisfactorily to amend the 1701 Act, which lays down its rules of succession as if it was merely confirming common law principles which did not in fact exist. It will not be the first time the Act has suffered amendment. But the matter has been complicated since 1931 by the Statute of Westminster, whose preamble states that the parliaments of all the dominions of the Commonwealth should give their consent to any law touching the succession. Parliament cannot bind itself, of course, and the preamble does not technically have the force of law. But it creates a very strong constitutional presumption which must be respected. Parliament must not move unless all formal and informal precautions have been taken to ensure that the sovereign's role as Head of the Commonwealth is not impaired.

It seems unlikely that any strong objections would be raised by our fellow members of the Commonwealth. It is not as if a Queen is a novelty. If the overseas complications could be overcome, and if no serious opposition becomes apparent at home, then the case for making the change would be a strong one. And once it has been made, the House of Peers may be disposed to ask themselves whether the English and Scottish enactments which deny their daughters rights of inheritance comparable to those of princesses are any longer defensible.

GOOD FOR NATO, GOOD FOR SPAIN

The Spanish application to join Nato, now formally submitted in Brussels and welcomed there, is an historic event both for Spain and for the alliance. For Spain, it marks the end of a period of isolation which dates back to the Civil War and the ostracism imposed on the Franco regime. Once Franco had died and a democratic system had been reestablished, the new rulers were anxious to return to the western community of nations, and they did this by making approaches to join first the European Community and then Nato. Negotiations with the Community have been held up by the Community's own internal problems, and the economic difficulties that are raised. But accession to Nato is a more straightforward affair, and should be completed in the course of next year, once the necessary ratifications are in.

For Nato, the entry of a country of Spain is also important. At the military level, it means the addition of the Spanish armed forces. The navy and the air force are the best equipped, while the army, though large, needs modernizing. Its geographical situation gives Spain the ability to command much of the western Mediterranean and the eastern Atlantic by sea and by air, while the Canary Islands lie on one of the West's main shipping lanes. To a certain extent Spain has been tied in with the Western system of defence for some years through its treaty with the United States and the bases made available to the Americans under it. But membership of Nato will enable its defence efforts to be coordinated much more closely with the rest of the alliance.

More significant, however, is the fact that Spain has decided to throw in its lot with the countries of the democratic West. There are sectors of Spanish opinion

which would like it to be neutralist. There are those who believe that it should give priority to its historical links with Latin America, or to the Arab world. But for the time being, at least, it has chosen to join the mainstream of western Europe; and that is important at a time when neutralism and pacifism are running strongly, and when there are doubts about the strength of the alliance that Greece, another Mediterranean country, feels towards Nato.

There are bound to be objections from the Soviet Union. The Russians have consistently made it clear that they are opposed to Spain's joining Nato. One of their long-standing proposals has been that Nato and the Warsaw Pact should agree not to enlarge themselves, and they can be expected to make a propaganda issue out of this, emphasizing the contrast between Soviet proposals to disband all alliances and Nato's addition of a new member. But, given the fact that the Americans already have bases in Spain, they can hardly claim that the military balance has been seriously tilted.

More worrying is the uncertainty over Spain's internal situation. Spanish entry into Nato has been strongly opposed not only by the Communists, but also by the Socialists, who are the largest opposition party and could win the next election. There is a strong groundswell of opposition in public opinion, reflected in some large demonstrations which have been held in recent weeks — and in the government's refusal to put the issue to a referendum for fear of losing. Señor Felipe Gonzalez, the Socialist leader, has talked of taking Spain out of Nato again if he came to power, either by a parliamentary vote or else by putting it to a referendum. But he has been under pressure to soften

his stand, not least from fellow Socialists in France, and it is not at all certain that he would insist on pulling Spain out when it came to the point.

There is, of course, a strong internal argument for Spain joining Nato, which is that it might help, however marginally, to prevent a military coup d'état. Nato membership has not prevented coups in Greece and Turkey in the past. But involvement in the alliance's planning would give Spanish officers something else to occupy their minds. And contact with officers from other Nato countries, by revealing a very different attitude to relations between the armed forces and the state, should do something to break down the extraordinarily closed mentality of many Spanish military men.

For Britain, there could be a particular advantage to be had from Spain's entry to Nato if it was used to resolve the impasse over Gibraltar. Britain and Spain reached an agreement in Lisbon last year by which Spain would lift the blockade of Gibraltar while simultaneously talks would begin on the territory's future; but the Spanish have not so far implemented the agreement, because of pressure from the right.

The Spanish government has, however, been expressing the view that it would be prepared to resolve the Gibraltar dispute once Spain was inside Nato — for example by having Spanish commanders in a Nato base in Gibraltar. And it is significant that the submission of Spain's application in Brussels has coincided with the announcement of a visit to London next month by Señor Calvo Sotelo, the Prime Minister, and suggestions in Madrid that the blockade may be lifted soon. If Spanish entry to Nato enabled progress to be made on Gibraltar, that would not be the least of the gains.

Chances for all

From Mr Michael Pacey
Sir, Lord Scarman's repudiation of the charge of institutional racism in Britain has led to bitter responses from the black population and its spokespeople, but I wonder whether the disagreement lies to some extent in the choice of words.

While I am not in a position to disagree with Lord Scarman's contention that government and local authorities are making real efforts to promote racial integration, I suspect that much of the black resentment may be broadly directed at the white middle-class core of society in whose hands lie the professional and managerial opportunities which seem to be denied to the black aspirant at present. The police are inevitably seen, in this case, as the protectors of the comfortable and selfish state of affairs.

It is shameful to have to say it, but it is undeniable that the black

man is generally looked upon with a fundamental disdain in this country as a result of traditional and deep-seated attitudes. Articulate and intelligent black people are slowly dispelling this view, but can it really be said that our firms of accountants, architects, management consultants and lawyers feel fully at ease in sending a black man to represent them at meetings in their clients' boardrooms even when such qualified blacks are on their staff?

Lord Scarman has recommended particular emphasis on black education and employment, but it will have little long-term benefit unless the professions make an equal effort. Surely this is the moment when we should look for illuminating and unequivocal leadership at the highest levels in business and the professions.

Once familiarity removes the basest fears we can look forward to receiving the undoubted gifts which this section

of the population is anxious to contribute.
Yours faithfully,
MICHAEL PACEY,
44 Thorhill Road,
Thames Ditton,
Surrey.

Plight of museums

From Mrs M. W. Plooman
Sir, To help our museums in their present financial straits, why isn't an entrance charge made in June, July and August? The young, the elderly and the handicapped could be exempted.

This way most tourists would contribute to the upkeep of the splendours they had come to see, while our own citizens could often arrange to visit the museums, freely, at some other time of the year.
Yours faithfully,
M. W. PLOOMAN,
52 Felstead Road,
Orpington,
Kent.

Tightening screw on student grants

From the Master of St Catharine's College, Cambridge
Sir, The last full assessment of the maintenance grant for university students was in the mid-seventies. The figure it produced was what was needed for subsistence, together with an allowance for the special needs of students, such as books. Since then, the grant has been annually increased by a percentage based on (though usually less than) the Treasury's estimate of inflation; and that estimate in its turn has been usually less than the reality.

The announcement of the undergraduate maintenance grant for 1982-83 must destroy any pretence that the grant is any longer intended to cover subsistence fully. One is bound to ask whether there are any longer any principles in which the value of the grant is based, if so it is surely time that the Secretary of State announced what those principles now are and set up a new assessment of the grant based on them.

The fact that the latest increase in undergraduate grant is by the percentage to which the Government hope to keep the increases in public sector pay suggests a fundamental confusion. If the grant is determined by free collective bargaining between the employers and the trade unions, or by the operation of impartial machinery agreed by both sides, student grants are determined by government decree. A better analogy is with unemployment benefit, which also is intended to cover bare subsistence.

That the Government appears to be even less sympathetic to students than to the unemployed is shown by the fact that, in each year since the last general election, student grants have gone up by a smaller percentage than unemployment benefit. But of course unemployment may represent sheer bad luck, whereas a student is a deliberate decision.

It may be that the latest cut in the real value of the grant simply reflects the need to cut total expenditure on student maintenance, because of the exigencies of Government finance. If so, I think it would have been less damaging to make a further cut in the number of home undergraduates instead. In happier days, undergraduates could supplement their grant by part-time work in the vacations; but in these times that is no longer available. Academic work is demanding, and those who are perpetually hungry cannot properly concentrate on it.

Some undergraduates will be able to persuade their parents to fund them beyond the official level of parental contribution; others will be able to obtain overdrafts if they have good enough prospects of a job when they graduate. The rest will have to choose between being ill-fed, ill-clothed, ill-housed, or worse, and many will suffer more than one of these.

Yours sincerely,
PETER SWINNERTON-DYER,
St Catharine's College,
Cambridge,
December 3.

The Guided One

From Mr Robert Hardy
Sir, Honoured as I felt to have been included in the Sudan Times Diary on November 24, and much as I enjoyed the company of your Diarist, I am sad that in reporting my involvement with a television documentary about General Gordon in the Sudan, the editor has written of my "tackling the Mahdi".

No one who has studied the history of the revolution led by Mohammed Ahmed Ibn Abdullah, the Mahdi, or who has had anything at all to do with subsequent evolutions in the Sudan would like the choice of that adjective.

The Mahdi is properly regarded as an extremely important figure both in the religious and the political history of the Sudan, and that is how we are regarding him in the documentary programme.

I expect it was a slip of the pen, but it was a slip that might well have a wrong impression to those in the Sudan, and those who represent the Sudan in this country, who are at present kindly disposed towards our enterprise.

Yours faithfully,
ROBERT HARDY,
Upper Bolney House,
Upper Bolney,
Hemley on Thames,
Oxfordshire,
November 26.

Hampstead Heath

From Mr Anthony Norden
Sir, I was interested to read your letter (November 28) about Hampstead Heath from Mr Patrick McCormack, M.P. et al. They complain about a development adjacent to the Heath which "might cause a loss of many mature trees". Closer to home, but still near the Heath in Alexandra Park, many local residents have fought assiduously against the plans of the local Haringey council to "cause the conversion of many acres of grass to carpark for cars" (my quotes). This is part of a £34m scheme to develop Alexandra Park and Palace into an exhibition and leisure centre. These plans are, at least, the subject of a forthcoming inquiry by the Department of the Environment.

I would suggest that Alexandra Park, though far less well known than Hampstead Heath, is correspondingly in far greater need of protection.
Yours sincerely,
A. NORDEN,
61 Limes Road,
N8,
November 28.

LETTERS TO THE EDITOR

Exchange rates and inflation

From Professor Alan P. Budd
Sir, I should welcome an opportunity to expand the off-the-cuff remarks reported by Melvyn Westlake in his story of December 2.

My comments to the Society of Business Economists were related to the special conditions of 1979 and 1980 and to possible economic developments over the short term. I have not in any way revised my support for the broad strategy of the Government's economic strategy nor have I changed my view that the exchange rate plays a major role in controlling inflation in the medium term.

My comments were concerned with tactics, not with strategy. With the wisdom of hindsight I believe that it was a mistake for the Government to have allowed the exchange rate to rise so rapidly during 1979 and 1980, since the impact fell disproportionately on output rather than on prices.

Further, I believe that this mistake arose from a failure to recognise the extent to which sterling M3 (the Government's chosen monetary target) was a misleading short-term indicator of monetary conditions.

In my comments on Tuesday I stated that I had changed my mind about the past conduct of policy, but I certainly was not repudiating one of the central planks of international monetarism. I was drawing attention to problems of short-term economic policy, of which I have no doubt that the Government is completely aware.

Yours faithfully,
A. P. BUDD,
Professor of Economics,
London Business School,
Surrey Place,
London WC2R 2LR,
December 2.

Youth jobless schemes

From Mr Tom Pendry, MP for Stalybridge and Hyde (Labour)
Sir, In a short article in *The Times* (November 20) today you refer to the slow take-up of work placements on the youth opportunities programme in the York area. YOP is being considerably expanded by the Government, with the Prime Minister himself having given a pledge that every unemployed school leaver will be offered a place on the programme by the end of the year.

The allegation therefore that young people are not taking up this offer has implications of "work-shy", and in my opinion deserves further examination.

YOP was set up under the previous Government to facilitate the transfer of young people from the dole queues into jobs. One of its basic principles was that many young people were ill-equipped to seek jobs, which would otherwise have been available to them.

At that time over 70 per cent of YOP trainees were successful in finding employment. Today the figure is less than 30 per cent. The programme is due to grow by 25 per cent in the next year alone, and serious reservations are being expressed about its ability to fulfil its original aims, but also about its unconstrained growth.

The need for closer supervision has been highlighted both by the trade unions and in recent Commons. There is increasing evidence that YOP trainees are being used as substitutes for permanent employees.

My own concern about lack of supervision on the scheme relates to safety standards, and in a

series of recent parliamentary questions I established that out of 3,000 accidents in the year ending June, 1981, there were five fatalities and 23 amputations. At a time when YOP is due for such a substantial increase, the body responsible for safety on the programme, the Health and Safety Executive, is actually contracting, with its number of inspectors being reduced to a pre-1978 level.

Disillusionment with the scheme is reflected in the remarks of many young people I have met who have taken up YOP placements. By and large they see it as a barely acceptable alternative to the dole queues. The most frequent complaint is about the low wage which, at £23.50 a week, in many cases works out at less than 50p an hour, and is in any case just marginally above dole money.

Dissatisfaction extends also to the type of work undertaken by the trainees, with many of them finding it boring and routine, without either supervision or any element of training. Concern at the lack of training is reflected by the inability of the Manpower Services Commission to effectively monitor the programme, to ascertain the nature of the work involved on many of the placements.

At a time when one in three of our young people are unemployed, it is essential that this major initiative of the Government is radically revamped, otherwise we will have little grounds upon which to justify its accusation our young people of being "work-shy".

Yours faithfully,
TOM PENDRY,
House of Commons,
November 20.

Conserving woodlands

From Mr George Marten
Sir, All who care for the appearance and condition of the countryside should be grateful to you for the space which you have devoted to the problem of our traditional woodlands.

No letter can do justice to a problem of such complexity. It is unfortunate that opinions expressed by this means tend to polarise views between those who approach the question academically and those who are faced with paying the bill for wages, and the taxes which attach to these woods. The area involved is about 750,000 acres of generally high-quality land which we can ill afford to manage, either nationally or individually, in a manner which neglects its potential productivity.

It is clear that conditions do not at present exist in which sound economic management can fully accommodate the demands of conservation. The reasons are partly historical and partly the product of current policies. Free trade, agricultural depression, changing demand, the necessary depredations of two world wars, and urgent concern for our future timber stocks have all played a part in changing the woodland scene, but perhaps the most important factor is the debilitating effect of capital taxation on owners, and through them, on woodlands themselves.

Broadleaved trees, whether planted or grown by natural regeneration from now on, will mature in the twenty-second century, and unless owners have the resources and the confidence to embark upon a century-long programme of management and care the hopes many of them share with members of the public will remain unfulfilled.

Neither public ownership, nor controls, nor grants, nor sheer

neglect, all of which we have in some measure, are proving effective substitutes for resourceful and confident ownership. It should not be impossible to create a framework in which these qualities can be re-established.

Yours faithfully,
GEORGE MARTEN,
Crichel,
Wimborne,
Dorset,
November 25.

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What SDP success means for Labour

From Dr Colin Howson
Sir, Mr Hattersley's remark (*The Times*, November 27) that the SDP's victories are born out of frustration with the state of the Labour Party in almost certainly correct. His conclusion, which appears to be that if only the "moderates" like himself can regain the ground lost to the innately left within his party then the electorate will gratefully restore himself and his friends to office, is not.

There is a deeper reason than even insurgent Bennery for the contemporary marked preference for the SDP over the Labour Party which is being exhibited by the British electorate. That is that the SDP, unlike the Labour Party, even a Labour Party reconstituted according to the taste of Mr Hattersley, is not the political representative of a purely sectional interest.

I refer, of course, to the enormous influence wielded over the SDP by the trade unions. It is no objection that the unions represent only one voice in the formation of policy; Mr Varley's recent promise to Parliament that legislation to end or curtail some of the legal immunities presently enjoyed by the unions will be revoked by an incoming Labour Government shows just how effective this influence is. Indeed, the quiet automatic puppet nature of this response to a not obviously unfair proposal reminds one very strongly of certain Eastern European leaders' reactions to anything their fraternal friends to the East might be thought to object to.

It is exactly this bland refusal to acknowledge what undoubtedly worries very many people, trade unionists included, in this country that was responsible for the defeat of Labour in 1979 and will deliver it from government in the future. When Mr Hattersley realises this he will be closer to understanding what sort of reconstitution the party requires. But of course by that time it will be too late to do him much good.

That reconstituted Labour Party already exists, though it has changed its name. And Mr Hattersley isn't it.

Yours faithfully,
COLIN HOWSON,
The London School of Economics and Political Science,
Houghton Street, WC2,
November 25.

From the Reverend D. M. Clarridge
Sir, Tactical voting at by-elections is at least more honourable than tactical analysis of the results!

After Crosby the SDP and Liberal alliance are the greatest threat to the Conservatives at the next election. Is there any the Chairman of the Conservative Party says he sees them "letting Labour into office"?

Yours ironically,
D. M. CLARRIDGE,
The Vicarage,
Bampton,
Devon,
November 28.

Sponsors for engineers

From Mr Douglas Doughy
Sir, Your leader, "Wanted — a plan for skilled people" (December 2), is timely. In electrical engineering at a technological university, my job includes finding industrial companies willing to train our students as part of a thin sandwich course: this involves alternate periods of six months spent in industry and university, over a four-and-a-half year period.

Our students, and industry, say they like a system which provides practical "on the job" experience in parallel with college work. The professional institutions also approve. But we have insisted that students find for themselves, with our assistance of course, their own placements at competitive interview for industrial sponsorship.

But this year our numbers are down 30 per cent — mechanical and civils worse. Good students despair when they make many applications for sponsorship with leading companies without success. The bad news filters back to schools and leads to a further decline.

This happened once before in 1970 and was followed by a more general crisis in engineering applications to university. Our sandwich system, built up over 25 years in cooperation with industry, is in severe danger of collapse.

No one would allow a doctor to practice without having walked the hospital wards during training. Why then expect a different standard for engineers for manufacturing industry?

Yours faithfully,
DOUGLAS DOUGHTY,
11 King George Avenue,
Eusby,
Watford,
Hertfordshire,
December 3.

Far from clear

From Mrs Alice Boase
Sir, I know that your correspondence page is an unlikely venue for household hints, but in our household we have made a small but interesting discovery, for which we hope one of your readers will be able to provide a scientific explanation.

Why is it that if ice cubes are stored in fridge or freezer in a clear plastic bag they congeal and are completely unusable, but if an opaque bag is used the cubes remain separate and ready for instant use?

Yours sincerely,
ALICE BOASE,
Linden Cottage,
Linden Chase,
Uckfield,
Sussex,
November 30.

Stock Exchange Prices

Sharp falls

ACCOUNT DAYS: Dealings Began, Nov 23. Dealings End, Dec 4. \$ Contango Day, Dec 7. Settlement Day, Dec 14

§ Forward bargains are permitted on two previous days

DOUGLAS
**CIVIL ENGINEERING &
BUILDING CONTRACTOR.**
BIRMINGHAM • CARDIFF • EDINBURGH • GLASGOW • LONDON • RAITH
• SALE • STOCKTON-ON-TEES • SWANSEA • WIGAN • YATE and OVERSEA

1990/91 High Low Stock Price Chgs pence % P/E				1990/91 High Low Company Price Chgs pence % P/E				1990/91 High Low Company Price Chgs pence % P/E				1990/91 High Low Company Price Chgs pence % P/E				1990/91 High Low Company Price Chgs pence % P/E			
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Business News

THE TIMES Friday December 4 1981

THE STRUCTURAL GROUP
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Sterling and mark fall despite interest cuts

Interest rate movements dominated currencies on the world's financial markets yesterday. The pound and the Deutschmark both lost ground after cautious cuts in rates, while the dollar made substantial gains on expectations that American rates may have bottomed for the time being.

The pound fell below \$1.93 at one stage on news of the half point cut in bank base rates to 14 1/2 per cent. It recovered to finish London trading down 1.80 cents on the day at \$1.9350. The index measuring its wider international value lost 0.4 to stand at 91.4, reflecting slight weakness against Continental currencies.

In Europe, the Deutschmark and the Swiss Franc weakened after the German Federal Bank cut its special Lombard rate by 1 point from 11 to 10 per cent. This was swiftly followed by the Swiss National Bank which cut its Lombard rate from 7 1/2 to 7 per cent.

Herr Karl Otto Poehl, the federal bank's president, said the special Lombard rate had been confined to 1 per cent because of the risk of fuelling inflation and the need to maintain the improvement in the balance of payments current account.

The move surprised some sections of the currency market which had not expected any cut, in view of the Deutschmark's recent weakness and firming United States interest rates. It lost 1.32 points to the dollar, closing in London at \$1=DM 2.2302.

Herr Poehl also announced yesterday that next year's target base for the domestic money supply would be 4 to 7 per cent, the same as in 1981 and hoped it would be possible to aim for the middle or upper half of the band.

European deposit rates rose by about 1 percentage point on growing expectations that United States interest rates may not fall much further in the short term. Dealers point out that the United States money supply figures have shown increases for three successive weeks—which may discourage the Federal Reserve Board from fresh relaxation of its monetary stance.

The key Fed funds rate—the rate at which banks lend each other reserves in the money market—was trading yesterday at between 12 1/2 and 13 per cent, more than a full percentage point above last week's low. American banks are unlikely to cut their prime lending rates from the present spike level of 15 1/2 or 15 3/4 per cent to which they moved earlier this week without a further downward move in the cost of funds.

The Stock Market appeared unimpressed with the latest 1 per cent cut in base rates to 14 1/2 per cent and showed its disaffection by marking prices sharply lower. (Michael Clark writes).

After being 11 1/2 down at one stage the FT index of 30 leading shares eventually closed 11.1 lower, at 519.9 amid persistent selling.

Many dealers said the cut had already been discounted as being too little, too late, and timed to sweeten the Chancellor's latest package of economic measures. Despite the Government's optimistic noises about a gradual return to growth the market remains far from convinced that this is actually the case.

So, with the current account due to end later today, investors decided now was the best time to take profits.

In addition, trading news from GEC, Plessey and BP fell short of expectations and with many investors already holding positions in all three groups, ahead of the figures, profit taking left all of them lower on the day.

Gilt-edged were clearly disappointed by the 1 per cent fall and showed losses of up to 50p in places at the close in light trade.



Plessey and GEC show higher first-half profits

GEC, Britain's biggest electrical group, reported half-time profits almost a third higher at £247.8m (Paul Madsen writes). The increase was chiefly due to the military and telecommunications group whose chairman Sir John Clark (pictured) announced six-monthly profits of £51.3m. The results were better than analysts had predicted, but the share prices of both companies fell in a weaker stock market. GEC dropped 15p to 779p and Plessey fell by 10p to 333p. GEC is raising its half-time dividend by 21.4 per cent to 607p gross, but Plessey did not declare a dividend. Sir John said that Plessey had recently won orders worth £100m to add to contracts worth £1,200m covered in the figures to the end of September. The new orders include a £60m contract for avionics communications in the Middle East. Plessey has also won a study project for a new sonar system for the United States Navy.

Burmah oil loses £3m corporation tax appeal

By Drew Johnston

Burmah Oil yesterday lost its legal battle over a £3m corporation tax assessment made in 1971. The House of Lords allowed an appeal of the Inland Revenue and overturned a Scottish Court of Session decision that the company was entitled to claim a capital loss arising from the liquidation of a subsidiary.

The unanimous judgment of the five Law Lords also confirmed an earlier decision of the House this year, in the case of W. T. Ramsay Limited versus Inland Revenue Commissioners, which one of the judges, Lord Scarman, said marked a significant change in the House's judicial role towards tax avoidance.

Burmah claimed a capital tax allowance of £160m as a result of a complex series of transactions revolving around the transfer of its shareholdings in BP to one of its subsidiaries. The subsidiary later went into voluntary liquidation, giving rise to the tax loss claim.

This BP shareholding subsequently featured in another legal tussle with the Bank of England. The Bank's shares in BP to the Bank of England as part of a deal to save the company from liquidation in the wake of the 1973 oil crisis. Last July Burmah heard that it had finally lost its case that the Bank had acted unfairly in buying Burmah's 20 per cent holding in BP for less than the company claimed it was worth.

In the Revenue's case against Burmah, Lord Diplock said it seemed that the real asset involved in the complex round of bookkeeping transactions was the parent company's holding of BP shares.

This artificially led to a warning by Lord Scarman: "It is of the utmost importance that the business community and others including their advisers should appreciate that the Ramsay case marks a significant change in the approach adopted by this House in its judicial role towards tax avoidance schemes."

Burmah said yesterday that the decision would not result in any immediate cash outflow from its reserves. It said the capital loss would have been available for offset only against capital gains made by the company since 1971, and any gains that might arise in the future.

Royal Bank profits up £5.4m

By Peter Wilson-Smith
Banking Correspondent

The Royal Bank of Scotland yesterday reported improved annual profits and a 10 per cent increase in dividends.

Meanwhile, the Monopolies Commission is believed to be putting the final touches on its eagerly-awaited report on the two rival bids for Royal Bank from the Hongkong and Shanghai Banking Corporation and Standard Chartered. The report has yet to reach Mr John Biffen, the Trade Secretary and a decision looks unlikely before Christmas.

Royal Bank's profits in the year to September rose from £102.5m to £107.9m pre-tax and the year's dividend is 7.7p gross. The results were a surprise to the City which expected a fall in profits of between £12m to £15m, after the fall of nearly one-fifth to £42m at the half-year. Yesterday the shares closed 2p higher at 190p.

Williams and Glyn's Royal Bank's English subsidiary accounted for most of the profit rise with an increase from £51.9m to £56.1m before tax while the Scottish division was marginally ahead from £50.3m to £51.4m.

Advances grew, Royal Bank said, by 19 per cent but average base rates were lower and the switch from current to interest bearing deposits continued. Group staff was trimmed by about 200 as part of a cost saving programme.

Sir Michael Herries, the group's chairman, reaffirmed his support for a merger with Standard Chartered and said the subsequent bid from Hongkong Bank was not approved by the Bank of England and Royal Bank believed that over-
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Jim Slater set to make £1.2m profit

By Peter Wainwright

Mr Jim Slater once a self-confessed "minus millionaire" yesterday made a potential £1.2m profit through a bid for Laganvale Estate his quoted Belfast property company. The offer is from Sturila Holdings, a financial services group headed by Mr Bob Knight, a former general manager of Mercuria Credit, which rescued Sturila five years ago.

Sturila is bidding £4.5m in varying forms of share paper for Laganvale into which Mr Slater injected his privately-owned Strongmead company last April. At one time, Mr Slater, "my" Rowland, of Laganvale had an interest in Strongmead.

If Mr Slater holds on to his share stake he will end up with 11 per cent of the Sturila equity. But he will not be joining the board, Mr Knight said yesterday. "He is not interested in helping to run a financial services group," the question of Mr Slater joining the board did not even come up.

Sturila's offer has been backed by the Laganvale board and holders of 46 per cent of the Laganvale shares have undertaken irrevocably to accept. Half of the share issue for the deal is being underwritten by Rowe Rudd, headed by Mr Tony Rudd, a former stockbroker.

Mr Slater, the financier who resigned from Slater Walker, continued. Group staff was trimmed by about 200 as part of a cost saving programme.

Sir Michael Herries, the group's chairman, reaffirmed his support for a merger with Standard Chartered and said the subsequent bid from Hongkong Bank was not approved by the Bank of England and Royal Bank believed that over-
Financial Editor, page 17

Sizewell B reactor cost £1,000m

By Peter Hill
Industrial Editor

Construction costs of Britain's first pressurized water reactor, which is planned to be built at Sizewell in Suffolk, are likely to be about £1,000m.

The National Nuclear Corporation, the industrial consortium which is responsible for designing and building Britain's nuclear power stations, is due to produce an indicative cost estimate for the Sizewell B station shortly after approval for the design was given by the Central Electricity Generating Board in October.

Last night Mr Jim Stewart, a corporation board member and chairman of the British Nuclear Forum gave some indications of the likely cost in a lecture delivered in London.

He said that on the basis of prices prevailing in June this year, the cost of an American generic design of a single 1,100 megawatt PWR plant was \$780m compared with an estimated cost for the present British design, if it were to be built in the United States of \$940m.

In round figures the United Kingdom designed power plant alone, excluding site, fuel and other costs, would be about £600m which would be swollen by a further £250m in associated engineering costs.

"I believe we have a sound and safe design of plant, which is readily constructable and is backed by a great depth of experience," he said.

The Sizewell B project is to be the subject of a public inquiry next year. The project is to order one new nuclear power station a year over the next decade.

Germans in technology pact

From Peter Norman, Frankfurt, Dec 3

Three of West Germany's largest industrial concerns have agreed to cooperate in the rapidly growing field of telecommunications technology.

AEG-Telefunken, Robert Bosch and Mannesmann today announced a complex series of new cross-holdings in existing telecommunications subsidiaries that are intended to give the three companies the capacity to offer internationally a full programme of products in information and communications technology.

The agreements will also inject a large amount of capital into the AEG-Telefunken group which, under the agreements, will sacrifice control of what is generally regarded as one of the most promising of its subsidiaries.

The company's 41 per cent stake in Telefonbau und Normalzeit the communications concern will go into a holding company in which Bosch, with a stake of 75.5 per cent against AEG-Telefunken's 24.5 per cent, will have complete control.

It has already been arranged that the holding company should exercise an option held at present by AEG to buy 10 per cent of Telefonbau shares and so obtain control of the company by the beginning of 1983.

AEG will retain control of its existing telecommunications and cable division. This will be divided off to form a separate company in which AEG will hold 51 per cent, Bosch and Mannesmann 20 per cent each and the Allianz insurance group the remaining nine per cent.

AEG, Bosch and Mannesmann have agreed to form a planning company to strengthen their cooperation in the telecommunications sector.

Where Bosch pays for its gaining control of T and N is in the agreement reached to determine the future of AEG-Telefunken's loss making Olympia office equipment and typewriter division. AEG is writing off 49 per cent of its 100 per cent stake in Olympia's DM130m capital. A holding company, in which the Dresdner Bank, the Deutsche Bank and Westdeutsche Landesbank have indirect stakes, will then subscribe to new shares, bringing the level of capitalization back to DM130m.

The outline of this complex transaction played an important part in securing the agreement of AEG bankers for a write off of DM240m of group debt at the end of this year and an undertaking to provide the company with further financial support to the end of 1983.

Small-business loans scheme will be reviewed

By Derek Harris

The Government's guarantee scheme aimed at encouraging banks to lend to small businesses will be re-examined by the Department of Industry in the New Year after unexpectedly high demand for loans.

This was indicated in London yesterday by Mr John MacGregor, under-secretary for industry with responsibility for small businesses, at a conference on starting up in business organized by the Industrial and Commercial Finance Corporation (ICFC).

Mr David Marlow, the corporation's general manager, said it was investing £100m a year in 1,000 businesses of which 400 were just starting up.

Loans worth £52.6m have also been guaranteed since the scheme started at the beginning of June. Reports are circulating of about six companies, running into financial difficulties, but Mr MacGregor said that no cases had been reported.

He told the conference: "The scheme is bridging a gap. We shall need longer experience before other lessons come out. Early next year we shall assess our experience."

The loans ceiling was doubled to £100m in October because of the big response to the schemes. A decision whether to raise the ceiling further could face the Government before the middle of next year unless demand abates.

High bad debt ratio in the first month of such a scheme would not necessarily persist, as screening methods improved with experience. It seems unlikely that a judgment would be considered by the Government until the scheme has been operating for a reasonable period.

More than half the loans have been taken up by new businesses.

The role of small businesses in creating jobs and helping restructure the economy was emphasized by Mr MacGregor. The Department of Industry's small firms advisory service had dealt with double the number of inquiries in the first nine months of this year, he said.

Talks among ethnic business communities in Britain have been started by Mr MacGregor. Aid for small businesses were discussed yesterday.

Stock Markets

FT Index 519.9 down 11.1
FT 100 Index 64.05 down 0.25
FT All Share Index 309.03 down 3.94
Burgains 17.537

Sterling

£19350 down 180 points
Index 91.4 down 0.4

Dollar

Index 106.0 up 0.5
DM2.2302 up 13.2 points

Gold

\$416.00 up \$6.25

Money

3 month sterling 15 1/4-14 1/2
3 month Euro 13-12 1/2
6 month Euro 13 1/2-13 1/4

PRICE CHANGES

Rises

Bracken Mines	9p to 129p
Custon Sir J	3p to 29p
Churchbury Est	10p to 675p
Elphing Gold	7p to 137p
Kinross	32p to 633p
Middle Wits	20p to 650p
Pauls & Whites	8p to 184p
Routledge & K	12p to 140p
Rustenburg	8p to 234p
Scapa Grp	7p to 160p
UC Invest	13p to 640p

Falls

APV Hldgs	15p to 218p
BP	12p to 268p
Broutstead	8p to 108p
Britannic	8p to 262p
GEC	10p to 779p
Glaxo	10p to 412p
Lassco	13p to 459p
Nat Westminster	10p to 389p
Pilkington Bros	12p to 258p
Ranther Oil	20p to 445p
Smiths Ind	13p to 365p
Unilever	13p to 539p

Beer output falls 15 pc

Beer production at 3 million bulk barrels of 36 gallons each plunged 15.1 per cent in October compared with the same month last year, the Brewers' Society said yesterday. It means beer production was down 5.6 per cent in the first ten months of the year on an annual comparison and fears are growing in the trade that by the year end production could be down 7 per cent or more overall.

Trade reports indicate that sales of beer are down by more than 6 per cent at present, the Society said. The October returns could reflect some of the effects of price increases of around 4p a pint put through by many brewers over the past two months; but the impact of price increases particularly in the south of England has yet to show up.

A French news agency report said yesterday that President Mitterrand has told Algeria he is prepared to pay between \$5.25 (£2.70) and \$5.35 per million BTU for Algerian gas, a rise of \$1. The price would raise the cost of the gas to more than the oil products it would replace and compares with the \$4.70 at which a Soviet delegation is expected to offer Soviet gas to France.

Three French shipyards employing 11,700 people are to merge under the country's nationalization plans. They are the Franco-Dunkirk yard in the North and the Seyne and Ciotat yards in the South.

Contracts for equipment worth £27.2m were announced by the Civil Board yesterday. They go mainly to companies in Scotland, the North of England and the West Midlands.

BUSINESS BRIEFING

Britain's new export-eels

Eighteen tanks are due at Harbourside, Hungary, today four days after leaving Blue Circle's cement works at Eastgate, co. Durham.

The £54,000 deal is the outcome of four years' experiments, and is the first time the company has sold to the Eastern block. The contents of the tanks are 400,000 eels, which are being used to fertilize the soil in Hungary. The eels are being shipped by sea to the Eastern block. The contents of the tanks are 400,000 eels, which are being used to fertilize the soil in Hungary. The eels are being shipped by sea to the Eastern block.

Young workers subsidy starts

The Young Workers Scheme, announced in July, comes into operation on Monday, when employers will be able to claim Government allowances of as much as £15 a week for each employee under 18 in his first year of full time employment.

An employer will be able to claim £15 for each young employee whose gross average earnings are under £40 a week and £7.50 a week for each employee whose gross average earnings are between £40 and £45 a week.

A total of 1,512 guarantees, worth £52.6m, have been issued under the Government's loan guarantee scheme up to the end of November, Mr John MacGregor, the Industry Minister, told a business start-up conference in London yesterday. New businesses accounted for 857 guarantees, worth £28.3m.

BP profits fall £286m

British Petroleum made third-quarter net profits of £203m, against £209m last year. Net profits for the first nine months of this year fell £286m to £799m. Chemicals continued to lose heavily, although the rate was slightly down at £49m. Historic earnings per share for the nine months are down from 68.3p to 48.4p.

Financial Editor, page 17

Mr Christopher Hawkins, deputy chairman of Northern Foods, is to join the Avana board after the company's increase of its investment in Avana to 20.5 per cent. Dr John Randall, chairman of Avana, becomes a Northern Foods non-executive director.

Export orders, worth more than £1m, and won in four days, were announced by Dale Electric, of Eley, Yorkshire, which is generating steel. The orders, for Nigeria, Iraq and Yemen, lift the company's order book to more than £5m, and the group's to £28m.

Mobil plans new bid

Mobil is planning to bid again for Marathon Oil, but this time in conjunction with another oil company. Mobil hopes that a joint bid, details of which have yet to be announced, will circumvent anti-trust legislation.

The battle between US Steel and Mobil for Marathon looks more and more like being decided in the courtroom rather than on the stock exchange. Yesterday, a Cincinnati federal appeals court denied Mobil's request for a stay of a lower court order enjoining its bid. It was the second such rebuff.

US Steel, which bid \$125 (£65) a share for 51 per cent of Marathon, America's 17th biggest oil company, is the biggest bidder. Mobil's preferred offer, which has been rejected by Marathon, is a second bid of \$125 a share, also for 51 per cent, which values Marathon at \$6,500m. The eventual cost is likely to be higher, making it the biggest bid in history.

On Wednesday, 15 speciality steel firms filed anti-dumping suits against seven nations, including Britain.

In Brussels, the EEC commission denied that there is a secret EEC offer to negotiate an orderly steel marketing arrangement with the United States.

'Encouraging second half for Bellway'

K. Bell, Chairman

For Bellway Limited, a leading national housebuilder, the second half year's pre-tax profits showed significant improvement on the first half of the financial year.

Highlights for the year ending 31st July 1981 are as follows:

Turnover	£26,004,000
Pre-tax profits	£1,778,000
Post-tax profits	£1,259,000
Dividends (maintained)	7p per share
Earnings per share	9.7p

For a copy of the 1981 Annual Report contact: Company Secretary, Bellway p.l.c., Dobson House, The Regent Centre, Gosforth, Newcastle upon Tyne NE3 3LT. Tel. (0632) 850121

Developments in the South East, North, Midlands, North West, North East of England and Scottish Lowlands.

Bellway p.l.c.

GKN gives assurance on motor spares

By Clifford Webb,
Midlands Industrial
Correspondent

Mr Roy Roberts, GKN managing director is trying to dispel the increasing concern of motor manufacturers, the company's biggest customers that GKN intends to use its "muscle" to increase the competitiveness of its fast-growing replacement parts and accessory business.

GKN Autoparts, with a network of 150 wholesale outlets, is a direct competitor of the motor manufacturers' own extensive and profitable spares business which was launched only four years ago, already has an annual turnover of £60m and employs 1,900 people.

Speaking at the opening of a £1.5m Autoparts national distribution centre at Weedon near Northampton, Mr Roberts said: "We do not regard our distribution activities merely as an outlet for our manufactured products. Indeed they form, and will form, only a small proportion of the goods we distribute."

"Suppliers may therefore have confidence that we do not intend to move backwards up the chain and commence manufacture of items not currently in our portfolio. We are present in the market as distributors and traders and our management is aware that it has to make it work independently."

It is understood that GKN manufactured parts will be restricted to 10 per cent of its range of spares and accessories.

Although Mr Roberts' statement is aimed ostensibly at companies supplying Autoparts, it will help to allay the fears of manufacturers that Britain's biggest engineering group would undercut their prices by producing a range of parts expressly for the £2,700m a year market.

By cutting out the middleman and selling direct from the factory, they feared that GKN would make big inroads into the motor trade's most profitable sector.

GKN's decision to reduce its dependants on the supply of original equipment to Britain's shrinking motor industry has also seen it pushing into overseas markets. Mr Roberts disclosed that since it acquired Parts Industries Corporation in the United States, it had tripled its parts turnover.

More textiles jobs at risk, union says

By Rupert Morris

Brussels and Geneva will become the graveyards of the British clothing industry if the Government fails to take a stronger line in negotiations on renewal of the Multi-Fibre Arrangement, Mr Alec Smith, general secretary of the National Union of Tailors and Garment Workers, said yesterday.

He told members of the Clothing Institute in Glasgow that concessions by the Government on the issues of base levels, rates of growth and import quotas had put the future of the clothing industry into doubt as never before.

"Ministers, in all honesty, cannot be said to have sold the pass because they have simply given it away," he said. The industry had thought that ministers were aware of its concerns, and were prepared to stand firm against the threat of cheap clothing imports. The Government's concessions had destroyed the possibility of giving special treatment to the developing countries.

Mr Peter Rees, the Minister for Trade, had been given the wrong brief, and if the damage were not repaired, it would put many more out of work.

Textile and clothing employers have already made similar complaints, and Mr Ian MacArthur, director of the British Textile Confederation, said that if the Government failed to secure EEC agreement on 1980 quotas instead of 1982, at least 30,000 jobs would be immediately at risk.

Since January last year 150,000 textile and clothing jobs have been lost. A further 30,000 jobs will go if the Government fails to achieve a tough new agreement at next week's meeting of the EEC Council of Ministers.

Recession and the adverse impact on demand has meant that most MFA quotas on low

cost imports have not been fully used.

It is therefore crucial that future import access in the third agreement is related to the level of actual imports in 1980, the last year for which figures are available, rather than 1982 quota levels, set in the more prosperous mid-1970s as stated by the British Government.

Textile and clothing industrialists and trade unions are alarmed that the Government has failed to respond to the demands of the industry which employs 600,000 people, more than those employed in the motor industry or the coal mining and steel

The issue is whether the level of imports of textiles and clothing allowed from low wage countries such as Hongkong and South Korea should be reduced to take account of the United Kingdom's recession or whether 30,000 British workers should lose their jobs because of rising imports.

Meanwhile there has been progress in talks to renew the arrangement which expires in December 31, although progress on several secondary aspects has been made.

Japan has joined textile exporting developing countries in voicing its opposition to the EEC's proposed "surge mechanism", which would allow for tighter restraints to prevent sharp increases in textile and apparel imports.

It also criticized the community's plan to allow part of some import quotas to be reserved for outwardly processed goods, or clothing made in an exporting country with raw materials bought from the ultimate importer.

The community wants the new MFA to be more restrictive so that market disruption by imports can be prevented. The other key participant in the Geneva talks, is satisfied with the terms



Ron Dearing and Kenneth Baker start the Mount Pleasant computer.

Post Office launches electronic mailing

By Our Technology Correspondent

The Post Office has launched what it claims is the world's first mass electronic mailing service.

Mr Ron Dearing, Post Office chairman, and Mr Kenneth Baker, Minister of State for Information Technology, inaugurated "Electronic Post" yesterday by switching on a computer at the Mount Pleasant sorting office in London. It started the transmission of several thousand promotional letters from Reader's Digest, the first customer, to homes in the Manchester area.

The service is intended for large companies which already use computers to write and address large numbers of letters. They can now give the Post Office their magnetic tapes containing the message to be transmitted (with simple graphics, letterhead and signature) and a full address list.

The Post Office computer then transmits the data via British Telecom to the receiving Electronic Post centre, where the letters are laser-printed, addressed and sorted for delivery through the normal postal system.

Electronic Post is a hybrid between new information technology and traditional hand-delivered mail service. It is quite different from recently introduced "electronic mail" systems, such as Prestel's Mailbox, which use videotext networks to transmit a message from the screen of one individual to another.

The Post Office will run Electronic Post for an 18-month trial period between the London and Manchester centres (which together cover one third of the 22 million addresses in Britain). If customer response is good, it will be extended later to cover the whole country.

Unexpected increase in Soviet trade with Finland

By Michael Frenchman

Finland will receive an unexpected boost to its economy with the 1982 trade agreement with the Soviet Union, which allows for a 20 per cent increase in trade between the two countries.

The protocol spelling out details of the 31,000 million

Finn Mark (£3,700m) deal was signed in Helsinki this week.

About half the 104 vessels on order with Finnish shipyards are for the Soviet Union. These orders, worth £13,000m, are for specialised oil exploration and supply ships for the Arctic and Siberia.

Finland is also building steel, paper and woodwork projects inside the Soviet Union. Yesterday's agreement will see the Finns build 25 villages and pumping stations along the new Siberian natural gas pipeline.

to 1995 — one of the longest agreements which the Russians have made with a non-communist country. Details are settled annually. The surprising fact in the 1982 agreement is that the terms were expected to be reduced because of the £1,700m imbalance of trade in Finland's favour.

Under the latest trade deal, exports to the Soviet Union will rise from £1,400m for next year instead of being cut.

Technology

How two bombs can immobilize NATO

By Clive Cookson

By exploding just two powerful hydrogen bombs above the atmosphere — one over Western Europe and the other over North America — the Soviet Union could immobilize almost every NATO country without directly killing or injuring anyone or destroying any property by blast or heat.

The Russians would be making use of a phenomenon known as electromagnetic pulse (EMP). Western military planners are becoming increasingly alarmed by the EMP threat, as they call it. And they are beginning to speak in public about a danger that they have worried about for years in the secrecy of their research establishments.

The Institution of Electrical Engineers had a discussion on EMP in London recently to bring the subject into open scientific discussion. Speakers from the Ministry of Defence and from the defence industry set out to persuade their professional colleagues that protection against EMP should be built into new electronic systems.

EMP is a short-lived, but extremely intense, electromagnetic field, generated by a complex physical process as gamma radiation from a nuclear explosion ionizes the atmosphere.

If the bomb explodes close to the ground or in the lower atmosphere, EMP is soon absorbed by the earth and its effects are lost in the general destruction caused by blast, heat and radiation.

But if gamma rays from an explosion in space hit the upper atmosphere, the pulse can propagate and spread out over a very wide area. A large H-bomb detonated 100 kilometres above Western Europe would blanket the continent with electromagnetic energy at a rate of about one joule per square metre. Less than one-thousandth of this energy could damage some modern electronic circuits.

That is not enough to cause physical destruction or personal injury, but it would induce large surges of current in exposed electrical conductors, particularly cables and antennae. Experts believe that the entire electricity distribution system of Western Europe would be knocked out.

As Mr Wes Davidson, of Marconi Space and Defence Systems, told the Institution's members: "When one remembers that three simultaneous faults on the United Kingdom system this summer

were responsible for disrupting supplies to a very large area of southern England, one is tempted to speculate that an exo-atmospheric explosion would lead to unprecedented chaos."

"The telephone network and radio broadcasting would also be disrupted over the same area. All this could be achieved without blast or radiation effects at ground level."

One of the unfortunate by-products of the semi-conductor revolution is to make us increasingly vulnerable to the EMP threat. For silicon chips and electronic circuits are damaged by electromagnetic fields millions of times smaller than old-fashioned vacuum tubes (valves) and electromechanical devices can withstand.

There is no experimental evidence about the large scale effects of EMP, because the atmospheric test ban treaty came into force just as scientists were becoming aware of the threat.

However, a hint came in July 1962, when the United States exploded an H-bomb at high altitude over an unpopulated area of the Pacific Ocean — 1,400 kilometres away in Hawaii, street lights and power lines failed.

Although modern electronic systems have never been exposed to the real thing, Britain's Atomic Weapons Research Establishment at Aldermaston and the Air Force Weapons Laboratory at Boulton have spent millions of pounds trying to imitate EMP.

With the help of the simulators, the Ministry of Defence and its industrial contractors are learning to "harden" military systems against EMP. The exact techniques are secret, but the broad strategy was outlined at the Institution's seminar by Dr Philip Miller, of Marconi.

The civilian agencies liable to be knocked out by EMP — most notably the Central Electricity Generating Board and British Telecom — are no more forthcoming than the military about their precautions.

In the short term, the telephone network is becoming increasingly vulnerable as electronic exchanges are gradually superseded by the electronic TExAA and System X. But in the long run, salvation lies in the replacement of copper telephone cables by optical fibres, which are not affected by EMP.

IN BRIEF

Japan to cut tariff rates next year

Japan's average import tariff rate next year is to fall from 5.1 to 4.1 per cent under the plan by Mr Zenko Suzuki, the Prime Minister to ease friction with its main trading partners.

Mr Tamio Amau, director-general of the ministry's information bureau, said that tariff cuts could affect about 2,000 items next year, ahead of scheduled reductions in 1983 and 1984.

The items would include computers, chocolate and biscuits, which are high on the list of tariff cuts sought by the United States and the European Economic Community. Duties would also be reduced on whisky, he said.

\$36m Westland deal

The first export order for the new Westland 30 civil helicopter, with the conversion of options, is worth \$36m (about £18.5m). The contract, placed by Alreup, of Los Angeles, California, is for six of the helicopters with delivery of the first three due in the last quarter of 1982, the second three to follow a year later. All are to be powered by Rolls-Royce Coe engines. This agreement covers a further 15 on option for delivery in the mid-eighties as traffic grows.

EEC steel inquiry

EEC Commission began legal proceedings against France yesterday over state aid to its steel industry. The commission wants more information on emergency loans of nearly £7.30m (about £213m) given by the government to each of two steel companies, Sacilor and Usinor.

Tea auction

Singapore began a challenge to London's domination of the tea trade today by staging the first international tea auction ever held outside the British capital.

£52m carrier order

Hyundai, of Korea, has received a \$100m (about £52m) order for four 38,000 d.w.t. bulk carriers from South India Shipping.

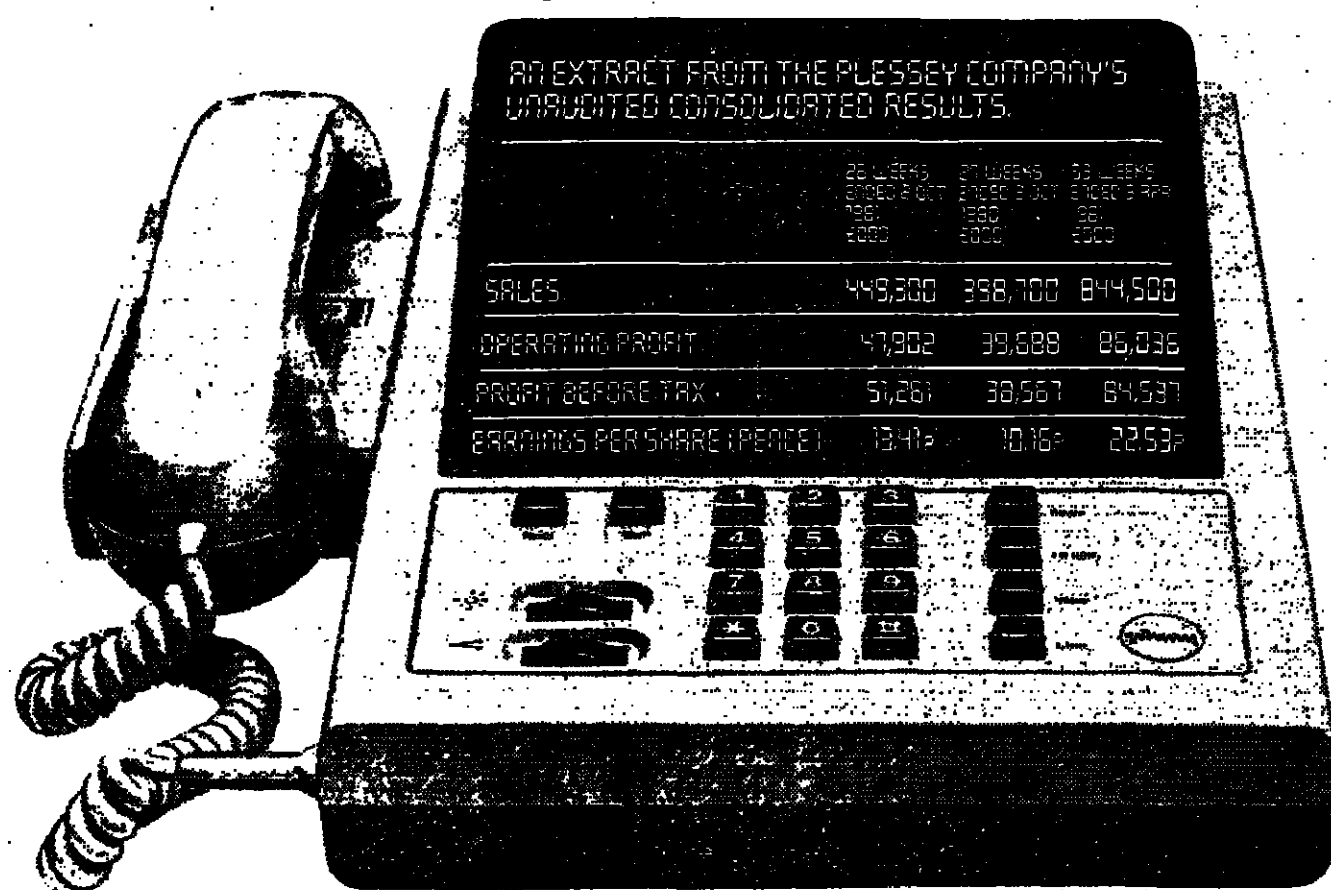
Japan car exports

A senior Japanese Government official has told the United States that Japan is opposed to any reduction in its 1982 car exports below the 1.68 million units set for this year.

Excellent performance sustained by Plessey

1981-82 HALF-YEAR RESULTS

- Group sales up 17% to £449.3 million
- Pre-tax profits up 32.9% to £51.3 million
- Earnings per share up 32%
- Orders at £1,212 million



PLESSEY

The Plessey Company plc, Vicarage Lane, Ilford, Essex IG1 4AQ.

Bank tills ring for franchises

By Derek Harris

Franchises, from fast food restaurants to plumbing services, are receiving more backing from the clearing banks.

National Westminster and Barclays, two of the big five, have now appointed staff to deal solely with the service. The banks are prepared to advance more than £10m to finance the setting up of new franchise units, under the scrutiny of a central approved controller who will act for the banks on the British Franchise Association.

Mr Duncan Whitfield, head of the Hometune car tuning service, said at the association's annual meeting in London yesterday that the move by banks would accelerate the growth of franchises.

There are nearly 50 members of the Association, with 1,400 outlets, and their sales last year increased by nearly 15 per cent to £327.5m. A further increase of about 12 per cent is forecast for this year.

The banks could have been influenced by high profits among franchised businesses. Much may also depend on the size of the operation because some hamburger franchises cost a new comer £300,000 although the average initial investment on a franchise is just £18,500 among the association's members, many of whose businesses are comparatively small.

Spy-U-Like, the British School of Motoring subsidiary with 11 units selling baked potatoes says that some banks have offered as much as two thirds of the £20,000 capital needed by a franchise for setting up one of its retail outlets.

Franchises now employ 20,000 people — a 10 per cent increase in the past year — but a further 25 per cent rise is forecast for next year.

First fall in exports for Scotland

By Our Correspondent

The value of Scottish manufactured exports has gone up £500m in the past three years but because of inflation this represents a decline of 8.6 per cent.

It was the first fall since 1960 when the Scottish Council (Development and Industry) began keeping a check on exports.

A survey of the three years 1978 to 1980, published yesterday, shows that exports increased in value by 17 per cent, but the export price inflation of 28 per cent produced the 8.6 per cent decline, according to Mr Craig Campbell, the council's research director.

Scotland, however, is still more export-oriented than British industry as a whole. The most valuable exports remain food, drink and tobacco, dominated by whisky, which accounts for 20 per cent of all Scottish manufactured exports.

Whisky exports were worth £661m in 1978, £707m in 1979 and £747m in 1980. After allowing for export price inflation, the survey reports that the only groups to show real growth were engineering (up 47 per cent in value) and shipbuilding and marine engineering (up 60 per cent). Chemicals and petroleum products showed a decrease of 2 per cent and metals a decrease of 9 per cent.

The survey illustrates the growing importance of the European Economic Community as a Scottish market. The community now receives more than 40 per cent of Scottish exports and nearly 45 per cent if whisky is excluded. North America now gets only 12.4 per cent and only 8.8 per cent without whisky. When Britain joined the community in 1973 both attracted 23 per cent.

Plea for housing land

By Baron Phillips

Britain's housebuilding industry will have to spend far more of its resources on the provision of adequate services for new housing schemes, according to a study of housing land availability published yesterday by the Standing Conference on London and the South East and the House Builders Federation.

The need is the result of the cuts in local authority

spending, at a time when house prices and builders' margins are already under tremendous pressure.

The study calls for more cooperation between public and private sectors in London and so encourage larger building programmes. One of the main problems is the release of land to the private sector from local authority ownership.

Williams & Glyn's

Interest Rate Changes

Williams & Glyn's Bank announces that with effect from 4th December 1981 its Base Rate for advances is reduced from 15% to 14½% per annum

Interest on deposits at 7 days' notice is reduced from 13% to 12½% per annum.

WILLIAMS & GYLN'S BANK LTD

UNILEVER N.V.

4% REDEEMABLE CUMULATIVE PREFERENCE SHARES OF FL 12

ISSUED BY N.V. NEDERLANDSCH ADMINISTRATIE-EN TRUSTKANTOOR

The dividend for 1981 of 4% (FL 48) Serial No. 68 will be paid on and after 4 January 1982

To obtain this dividend certificate must be based on holding forms obtainable from one of the following banks:-

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Northern Bank Limited, 2 Watling Street, Belfast BT1 2EE

Alfred Bank Limited, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 80

BY THE FINANCIAL EDITOR

Interest rates come down a notch

With the Chancellor's statement out of the way the clearing banks duly did their stuff yesterday and clipped half a point off their base rates. No sooner had they done so, however, than the Bank of England was on the scene to provide a reminder that half a point was enough for the time being. At least that was how the market read things. Help available to relieve an officially projected shortage of some £150m was relatively scant; and the short shrift seemed to be given to what may have been some fairly cheeky rates at which the discount houses offered the Old Lady bills at midday.

The authorities' attitude is in many ways understandable. We live in a very volatile world — United States rates; for instance, have turned rather firmer this week while the optimum background for funding must be a steady rather than headlong decline in interest rates. Even so, real interest rates remain high for a beleaguered United Kingdom industry and the authorities should not allow funding considerations to weigh too heavily among their priorities. They do, after all, like to think, and with some justification, that they have become more adept in their funding this year.

Royal Bank of Scotland

Higher bids, please

With decision day over its future looming ever closer, Royal Bank of Scotland has sprung quite a surprise with a set of full year figures which have left the City scratching its collective head in amazement. In the first half pretax profits fell by nearly one fifth to £42m and the combination of falling interest rates, pressure on margins and the continuing switch away from current to interest bearing accounts suggested a none too rosy second half.

In the event, the second half has been little short of remarkable producing £66m profit, leaving the full year up by 5 per cent to £108m and good £20m better than most people expected. There are a number of explanations given for this. Bad debt provisions have fallen sharply from £8.9m in the first half to £4.5m in the second, the squeeze on costs has continued, volume appears to have held up better than expected and the impact of falling interest rates has been mitigated. Although average base rates during the year were 13.3 per cent compared with 16.4 per cent the year before, the spread between base and deposit widened from 2.1 per cent to 2.7 per cent and net interest margins in the second half were a ½ point higher than in the first.

Even so, it is still hard to account fully for the strength of the second half, particularly since international profits were down over the year and the domestic side seems to have produced all the surprises in the second half. The irony is that by turning up such good figures Royal Bank is playing into the hands of Hongkong and Shanghai Bank.

If the Monopolies Commission gives the all clear for both bidders, Royal's preferred partner looks certain to lose out in a slugging match with Hongkong and Shanghai. Royal's asset value is now 260p a share which suggests that the successful suitor may have to pay about £100m more than the £485m which the two bidders are currently worth, and Standard Chartered's balance sheet is unlikely to be able to cope with that.

GEC Riding the recession

The imperious passage of Britain's largest electrical group through the troubled waters of recession continues barely ruffled. But so high are the market's expectations these days that even a 30 per cent increase in profits to £247.8m did nothing for the shares, down 15p to 779p last night on what admittedly was a poor day for equities. It seems an uncharitable reaction, even after stripping out the benefits of currency conversion and GEC's "cash mountain" now even larger than expected at £801m. Net interest received was £26.5m, little changed from last year's underlying figure, but affected

by a £7m loss on gilts against a £4m gain last year.

Electronics and telecommunications were the backbone of the group's first half increase in profits, contributing 34.5 per cent against 29 per cent a year earlier with long term orders helping through the recession. Canadian Marconi and Alcatel were the main contributors. The Americas raised their profits contribution from £10.6m to £17.1m. Order books are 25 per cent higher than a year ago and are now in excess of £5,000m. Power engineering forms an important part of that and, significantly, 80 per cent of those orders are overseas, where margins can be sustained.

Plessey

Improving productivity

A jump of a third in Plessey's pretax profits at the half way stage to £51.3m was at the higher end of market expectations. A £1m net surplus on interest received, as against £2.8m paid for the corresponding period last year, helped, but serves more to underline the group's strong balance sheet. The benefits of currency conversions at higher dollar rates — American and Australian — have also given a little polish to the figures.

None the less, a jump in profits at the trading level from £50.8m to £60m is a solid enough performance. Telecommunications, aerospace and engineering have been the strong areas. The slimming down of the workforce over the past year has been followed by increased productivity as is reflected, albeit crudely, in the increase in sales per employee from £16,076 to £20,353.

Order books are healthy at about £1,200m. Defence sales overseas are growing, offsetting the present limitations of the home market. A study for a new sonar system for the United States Navy is encouraging both in its production profits potential and in that it was won against strong American competition. Likewise, its civilian telecommunications range is being upgraded and taken aggressively into international markets.

BP

Problems remain

British Petroleum is still struggling against the elements, and progress seems a little slower than might have been expected in the middle of the year. Third quarter net income was £203m against £209m last year, bringing the nine months figures to £799m, well below the £1,085m at the same time in 1980. On a current cost basis, moreover, the figures are terrible: a recovery to £42m profits in the third quarter has recouped sufficient of the earlier disasters to produce £19m for the nine months. But this time last year current cost profits were £467m.

Nevertheless, BP is making progress. Chemical losses are still heavy at £49m outside North America, making a running loss for the year to date of £110m. The outcome for 1981 could be a loss of £150m from chemicals. BP also had to accept a £15m loss from its share of Kennecott. But elsewhere in mining and in oil product sales margins are slightly higher and Sobco continues to be a life-saver.

The company's argument is that after allowing for currency gains and cost of sales adjustment — effectively replacement of stocks — income is distinctly better, rising from £110m and £74m in the first and second quarters respectively to £257m in the third. It also points out that more favourable oil prices have partially been offset by the strength of the dollar which in August meant the effective crude price was \$10 a barrel higher than at the beginning of the year.

Closures will help to stem chemical losses, but oil trading remains the core of the group and is as vulnerable as ever to price and currency fluctuations. BP may top £1,000m this year, compared with a 1980 net income of £1,400m. The collapse in stock profits from £210m to £55m in the last two quarters show how unpredictable conditions are, however. BP is not out of the wood yet.

Is the price of Howe's strategy too high?

David Blake

Like it or loathe it, you have to admit the extraordinary staying power of the Government's medium-term financial strategy.

It has been buffeted by economic circumstances beyond its control, and by its own internal contradictions. Political pressures by government "wax" are constantly applied, yet at the end of a week in which the Chancellor has announced his autumn package of economic measures, the MTF, its friends like to call it, remains firmly on course.

The Government's economic strategy since the early part of 1980 has been very much a "top-down" strategy. It starts with a commitment to controlling the total amount of money in the economy. Then it asks how the public sector can afford to borrow consistent with this growth in total money. Then, and only then, it asks how much spending should be allowed as one side of the Government's balance sheet.

It is, therefore, foolish at the best of times to look at one half of the equation and try to say that the Chancellor has switched to a new non-monetarist strategy. Even on the most lavish interpretation, the Chancellor has done better at curbing back spending this year than he did last year. And we all know

the terrible retribution which he wreaked on all of us in his Budget for that.

So we ought to be very careful in assuming that increases in spending are the same as a relaxation of the economic strategy.

But are there, in any case, signs of a real relaxation in spending? In cash terms, it is true, the level for 1982-3 is up not merely from this year but also from the level which would have been expected by revealing the last White Paper in line with the Government's pay and price assumptions. Look more closely at that statement and two weaknesses emerge.

The first is that the last set of spending plans was always unsustainable in just those areas where the "extra" spending has been allowed.

The Government's spending plans have involved a steady inching towards reality after a first flush of enthusiasm in which it set itself unrealistic targets. The "increases" for nationalized industries are simply an upward revision of the spring figures which were, in turn, an update of the 1980 figures; we less impressive. Next year was designed to be the time when the strategy started paying off.

When the strategy was drawn up, it was assumed that the economy

The apparent £5,000m increase in spending comes by comparing the actual cash figure expected with the figure produced by producing the Treasury's pay and price assumptions. But these assumptions were in turn based on an inflation forecast which has now been discredited. It is no wonder that government ministers are so keen to avoid being asked whether the volume of public spending will rise next year or not. In practice, it will be roughly static.

The implication of all this for borrowing is that even if the Government obtains only a very small amount, such as £500m, from asset sales next year, its actual borrowing level will be only £3,000m and its "underlying level" of borrowing (that is, without counting the £1,000m of revenue left over from this year) is still only £9,000m. This is, as the Chancellor rightly said, wholly consistent with his medium-term strategy.

What about the economic consequences which that strategy was designed to bring about? Here the Chancellor's case looks distinctly less impressive. Next year was designed to be the time when the strategy started paying off.

would grow by 1 per cent a year between 1980 and 1983 "the economy should be capable of growing faster than this," the Government said. By spring this year 1 per cent growth was no longer "deliberately cautious" as an estimate, as had been claimed in the spring of 1980. We were down to ½ a per cent a year.

This was for the years 1980-83. So far we have had a minus 2 per cent in 1980, minus 2 per cent in 1981 and we are forecast plus 1 per cent in 1982. The net balance so far under the policy is minus 3 per cent.

The same pattern of slippage is now beginning to emerge on the inflation front. Inflation-fighting is what the policy is meant to be all about. Yet who now believes that the 6 per cent inflation figure for 1983-84, which clearly was the Government's target, is attainable.

If the Chancellor is right about the economy, we face the following prospect: the economy growing by only 1 per cent a year, with inflation in double figures and unemployment, in crude terms, over three million.

It is not good enough and as the Chancellor gets ready to draw up his budget his colleagues ought to draw him to one side and, ever so gently, point out the fact.

As the debt rescheduling deal nears collapse Richard Davy examines the economy

Poland's legacy of poor planning

Many people think that strikes are the main cause of Poland's economic crisis. They are wrong. According to the Polish Government, strikes have cost the country 10,500,000 man hours this year. Since the labour force in the state sector is 12.71 million (most of Polish agriculture is in private hands), this amounts to less than an hour per man.

Of course, strikes in certain key industries have effects out of proportion to the number of hours lost, so there has been damage, but other factors have been more important.

First there is the legacy of the 1970s, when the country was rushed headlong into badly planned industrialization without enough expenditure on infrastructure, especially energy, and without structural reforms of the planning system that would have created the incentive for more efficient use of resources.

Agriculture was neglected, and the gap between industrial potential and available supplies of energy and raw materials widened. After 1977, though it was partly plugged by imports paid for with hard currency, which helped to obscure the problem.

At the same time some mines were being over-worked, to the detriment of safety standards and maintenance, while statistics were being distorted by the inclusion of extraneous matter in production reports. So trouble was brewing anyway, aided by rising oil prices and declining demand in Western markets. Payment for the mistakes of the 1970s was falling due.

Then came a particularly bad harvest in 1980, largely because of bad weather, which reduced the potato crop by 40 per cent, the sugar crop by 33 per cent, and meant that more live-stock than usual was slaughtered, so that there was less in 1981 — pigs were down by 13 per cent, for instance.

Many factories have been enterprising enough to set up direct links with suppliers and customers when normal channels have broken down. Yet the broad effect is to reduce Poland's earning power further. Some pump-priming is needed, and Polish economists are trying to find



Strikers at the gates of a glass works in Sandomierz: stoppages more apparent than damaging.

ways of getting direct finance from the West for individual enterprises.

There are two other results of the political crisis. One is the paralysis of the central and local administration. Some officials no longer dare take decisions; others are too disgruntled to care, since they know that if the reforms go through there will be a huge loss of administrative jobs.

The other disastrous effect of the political crisis has been the rapid rise in wages. In the first three quarters of this year pay in the state sector rose by 27.9 per cent while industrial production dropped 13 per cent, exports 15.4 per cent and imports 10 per cent.

At the same time supplies to the consumer market are said to have increased by only 2 per cent, though even that must be doubted by anyone observing the empty shops.

In this situation money has come to mean very little, which has had a particularly bad effect on agricultural supplies. Farmers prefer a live pig to useless cash, so they do not take the pig to market. Instead they keep it alive, barter it locally, or sell it privately, though this practice is supposed to have been curbed since October.

The result is a disastrous slump in supplies to the towns, even when there is enough in the countryside.

It will be difficult to do much about this until money starts to mean something again, but this requires not only more industrial production but also a reform of the crazy price structure. For instance, the consumer can buy a litre of milk for about a

fifth of the price paid by the state to the farmer, but tampering with prices is politically dangerous.

Solidarity's general policy (though there have been some exceptions) is to say that it will not support price increases except in the context of wider economic reforms, but though these are supposed to come into effect on January 1 they are still embroiled in disagreements.

Membership of the International Monetary Fund should help if it means that the government can introduce an austerity programme without being blamed for it. Food aid will help if it is sufficient to make the situation less explosive, and it can reduce working time lost through queuing. Selective hard currency aid to specific industries could also have a multiplier effect.

But one Western economist was recently heard to mutter in private that what Poland really needs is Stalinist forced labour in the mines (which could solve the debt problem almost overnight) combined with a free market in the rest of the economy.

Business Diary: Williams and the nuclear safety catch

The Paris-based Nuclear Energy Agency (NEA), is about to choose a new head. Its 60-year-old director general, Ian Williams, is due to retire after 15 years with the agency, four of them at the top. Williams joined this offshoot of the Organization for Economic Cooperation and Development (OECD) in 1966 when it was still a European body concentrating on nuclear research and development problems.

A former director of the United Kingdom Atomic Energy Authority's Health and Safety Division, Williams has steered the NEA into nuclear safety management, and broadened its membership to include non-European

nations such as Japan, Canada, Australia and the United States. His most difficult moment was just after the first oil crisis when another, more "political" offshoot of the OECD, the International Energy Agency (IEA), threatened to take over some of the NEA's responsibilities. Williams succeeded in maintaining a certain independence for the NEA and the importance of the 85-strong NEA has grown steadily as nuclear safety has become an international issue.

A successor has yet to be announced, although those wonderful people who gave you Three Mile Island, the Americans, are reported to be keen to win the post. After the problems of the Vienna-based International Atomic Energy Agency (IAEA), the United States apparently feels the Paris body may prove a more useful vehicle for international cooperation in the nuclear field. The IAEA is increasingly controlled by the Third World, and Western countries hardly succeeded in being appointed a Swede, Hans Blix as secretary general instead of a Third World candidate.

Wallchart

THE HIGH STREET BANKS HAVE REALLY STANDARDIZED EMPLOYEE CONDITIONS NOWADAYS....



...EVEN THE CASH DISPENSERS SEEM TO HAVE MOST WEEKENDS OFF....

R. Young

Some readers have been puzzled, and others downright annoyed, by full page colour advertisements which Sony UK placed in *The Times* urging that we buy our television sets from its authorized dealers even though they may cost £80 more than those offered elsewhere.

The Sony advertisement explains that unauthorized dealers are selling sets at £209.95 which look the same as those authorized dealers sell at £289.95. The difference is that the "bargain" sets were originally designed for use on the Continent, "masked" into this country, "unmistakably converted" and might not work properly when installed.

Why, readers have been demanding to know, should sets which have to be transported from the Continent and adapted, however amateurishly, be available at so much less than the usual Sony dealers' price? Was it another case (like the notorious cars) of the British paying through the nose for something foreigners get cheap?

A Sony spokesman hastily explained: "The price difference we showed was perhaps an extreme one. We wanted to emphasize that a set bought from an unauthorized dealer may not be a bargain however cheap it appears."

The more usual price difference is only £20 or £30, and the company's policy is to have a uniform pricing throughout Europe. Authorized dealers have to offer demonstration facilities, after-sales service, and to honour our guarantee, so to that extent they can be undercut by people who are simply selling boxes.

But what appears to account for most of the difference is that the opportunity has been taken advantage of shifts in currency exchange rates. It has become a very considerable problem for us, especially in London.

Toilet role

You may remember that a recent book suggested that one way to increase productivity at work was to take the locks off the toilet and so encourage people to spend less time in there.

Behind Closed Doors, a Gallup survey commissioned by Crown Paints whose results are published yesterday appears to throw that device into question, even though it concerns toilet

habits at home rather than at work. The survey found that 43 per cent of adults never lock the door anyway, and perhaps even more surprising, women are less likely to lock the door than men.

Good timing?

Togetherness was in the air yesterday when Anthony Good and Philip Stephens gave details of the coming to market of the United Kingdom's first quoted public relations consultancy, Good Relations.

Good is chairman of GR and Stephens a partner in Laurie, Milbank, the stockbrokers placing 28.5 per cent of GR's enlarged capital. But for some time the stockbrokers has been a client of GR, as GR is now a client of the stockbrokers. Laurie's said Stephens put their business GR's way after looking at six other pitches. Likewise, said Good of the placing.

Ross Davies

National Westminster Bank Limited

NatWest announces that with effect from Friday, 4th December, 1981, its Base Rate is reduced from 15% to 14½% per annum. The basic Deposit and Savings Account rates are reduced from 13% to 12½% per annum.

FINANCIAL NEWS

Agriculture boosts Pauls & Whites

By Paul Malmgren

A significant improvement by the agricultural division of Pauls & Whites has helped the malster and manufacturer of flours and animal feeds to increase profits by 55 per cent at the half-year stage.

Pretax profits for the six months to September 30 rose to £4.6m, against £3m for the corresponding period last year. Sales rose by 17.2 per cent to £131m.

Group trading profit was 37.4 per cent higher at £5.5m. Interest charges were down from £1.3m to £1.1m, but Mr John Clayton, the managing director, says that finance

charges for the full year are likely to be higher than last year because the present high level of interest rates coincides with peak seasonal borrowings.

Earnings per share rose from 7.61p to 12.01p. The group is raising its half-time dividends by 28.6 per cent to 3.214p gross.

The improvement in the agricultural side was helped by an upturn in the market for the group's pig production. Export margins were improved by favourable EEC agricultural financing provisions.

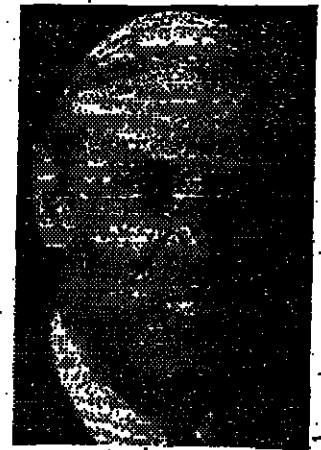
Mr Clayton said that the group's malting business benefited from reduced losses in

West Germany. Exports increased and this helped to offset the continued reduction in demand from brewers and distillers in the United Kingdom.

The fall in beer consumption also led to lower demand for hop extracts, but sales of flavours to the food and beverage industries continued to grow, reflecting the impact of the group's revamped sales and marketing strategy.

In Nigeria, the group's main export market, its animal feed mill ran at full capacity, but attributable profits were reduced by exchange rate movements.

Mr Clayton is looking to expand export markets elsewhere, particularly in Asia.



Mr Michael Falcon, chairman of Pauls & Whites.

Morgan Crucible falls to £5.3m after nine months

By Our Financial Staff

Morgan Crucible is still finding the United Kingdom a tough market for its specialized carbons and refractory products but is increasingly supported by its overseas companies and direct exports.

Pretax profits fell to £5.3m in the nine months to September from £8.9m last time on sales that rose by a mere 3 per cent to £97.7m. Nevertheless, this reflects a sharp improvement in the third quarter of trading since half-yearly figures to June showed a slump in pretax profits to £2.5m from £6.5m in the previous period.

The boost came from better trading overseas and exceeds profits in the same period last time—the first time since the first quarter of 1980.

Results from Hydrex, the American industrial lubricants group that Morgan bought in July for £19m, are included with profits of £200,000 on sales of £900,000. These are covered in the Acorn division

which show overall increased profits to £14m against £11m but are not evident in the pretax figures due to a cover for finance charges.

At the trading level profits are down to £7.8m from £11.5m and are further knocked by higher interest charges at £2.8m against £2.3m. Morgan's purchase of Hydrex was quickly followed by a call for £10m of rights issue money to finance the deal and raised its medium-term loans by £14.7m.

Hydrex is forecast to make annual pretax profits of £3m. Mr Ian Weston Smith, chief

man, says direct exports and sales by overseas subsidiaries now account for 66 per cent of total sales compared with 59 per cent in the same period a year ago.

Trading margins have been under further pressure, slipping to 8.1 per cent against 11.7 per cent in the comparative period. The average last year was 10.3 per cent.

Burnett & Hallamshire up 42pc

The recession has proved only a minor irritation to Burnett & Hallamshire Holdings, the largest open-cast mining group in Britain with growing oil and property interests.

In the six months to September it has produced a rise in pretax profits of 42 per cent to £5.7m. Turnover from the Sheffield-based group jumped by 53 per cent to £50m. After slightly lower tax

charges of £1.9m and an extraordinary item of £174,000, attributable profits were £3.5m against £1.9m. This gave earnings per share of 34.6p compared with 22.26p.

Shareholders will receive a 34 per cent rise in the half-time dividend to 9.2p gross and it is the board's intention to equalize the half-year and full year payments. The group's shares rose £½ to £10½ on the news.

Mr George Helsby, chairman, says progress within the group's mining division has been excellent. The property division has experienced mixed fortunes with some weak demand at home, but there are signs the demand for industrial property is beginning to pick up. Overseas, he said, results were satisfactory and sales in the oil division were delivered well ahead of national trends.

Scotscros buys two companies

Scotscros, the Glasgow-based packaging, food and engineering group, has made two international purchases, one in France and one in the United States, for £1.4m.

In France it has reached agreement for the acquisition of 65 per cent of the share capital of E. P. Remy et Cie, a private company situated in Dreux, a Swiss company is 9.75m francs (£891,000). Permission has been received from the relevant French authorities and completion will take place in December.

Remy manufactures and sells a wide range of bottle filling and handling equipment. In the year to last December sales were 45m francs and profits before tax but after charging interest and depreciation totalled 3.5m francs. Total net assets at December 31 were 16.4m francs.

In the United States Scotscros has reached agreement to buy the entire share capital of Swissco, a Swiss company whose assets are in California. The consideration will be \$1m (£513,000) in cash.

The base in California will be used to expand Scotscros' overseas sales and will provide a valuable introduction to J. Deans and Company, Scotscros' wine importer and bottler, to the fast growing Californian wine industry.

Good Relations to join Unlisted Market

By Our Financial Staff

Good Relations Group, one of the three largest public relations consultancies in the country, yesterday was the first of its kind to open its doors to investors.

The group is joining the Unlisted Securities Market with a placing of 23.5 per cent of its equity. The issue is for 950,000 shares of 10p each at 61p per share and will raise £583,500. Since none of the directors is disposing of any shares, the entire proceeds will be kept by the group to be used for expansion plans which include finding new premises to bring its offices under one roof.

Good Relations is forecasting pretax profits of £250,000 for the year to December 31 on turnover of about £2.4m. This compares with profits last year of £107,000 on turnover of £2m.

At the placing price, the price earnings ratio is 12.1. With the recommended dividend for next year of not less than 2.5p, the gross yield would be 5.9 per cent and covered twice on the basis of forecast earnings per share of 5.05p this year.

Good Relations, founded by Mr Anthony Good in 1960, covers a range of services from consumer to industrial, financial and corporate information to advising clients on developments at home and in the EEC. It has some 55 contracted clients on its lists with no one company exceeding 10 per cent of turnover, but Phillips Industries and Johnsons Wax are among its largest clients.

Stockbrokers Laurie, Milbank arranged the share placing and dealings are expected to start next week on December 10.

Dresdner Bank to pay dividend

Dresdner Bank, West Germany's second largest private sector bank, will be able to pay a dividend for this year despite losses on gold dealing and from an injudicious investment in fixed interest securities by its subsidiary, the Deutsche Landerbank.

Dr Hans Friedrichs, the bank's chief executive, told a press conference that the net profit for 1981 was likely to be less than last year's DM155m (£35.8m). But the bank was now looking forward to the next year with a cautious optimism.

Greenall climbs 10pc

By Peter Wainwright

Greenall Whitley, the largest independent brewery in the country, best known for Vodka, the vodka from Warrington, yesterday reported a 10.5 per cent increase to £22.5m in pretax profits for the year to September 25.

This advance was better than that recently reported by Whitbread, but much worse than the one returned by Allied Lyons which was, however, recovering from a bad previous year. Turnover at Greenall went up by 8.7 per cent to £194.9m, indicating a

fall in quantity sold. The group owns more than 1,700 hotels, pubs and off licences. The year's figures indicate that Greenall did better in the second half, but this largely reflected the timing of beer price increases. Mr Christopher Hutton, chairman, reports: "It is too early to predict current trends, but trading conditions continue to be difficult."

Even so, the total dividend rose 10 per cent to 4.9p gross. The shares fell 3p to 137p yesterday.

The General Electric Company Limited

Interim Report

1. The unaudited results for the six months ended 30th September 1981 are:

	6 months to 30th Sept. 1981	6 months to 30th Sept. 1980	Year to 31st March 1981
Sales (to customers outside Group)	£1,980	£1,594	£3,462
Profit before Taxation	247.8	189.7	475.8
Profit after estimated Taxation and Minority Interests	142.8	111.2	298.9
Estimated Earnings per share	26.0p	20.3p	54.5p

2. The directors have declared an interim dividend on the Ordinary Shares of 4.25p (1980, 3.5p) per share payable on 31st March 1982 to shareholders on the register at the close of business on 18th February 1982. The cost of the interim dividend is £23.3 million (1980, £19.2 million).

3. Export sales in the six months amounted to £504 million (1980, £430 million) and export orders received totalled £1,130 million (1980, £663 million).

4. Bank balances and short term deposits less bank overdrafts at 30th September 1981 were £301 million (31st March 1981, £561 million).

5. Analysis of turnover (including inter-Group sales) and profits for the six months to 30th September 1981 is as follows:

Electronics, Automation and Telecommunications	660	557	85.5	55.4
Components, Cables and Wire	219	229	18.7	20.7
Consumer Products	133	139	6.9	3.0
Associated Companies	70	61	0.4	0.1
Overseas	634	359	39.7	29.2
Subsidiaries—see below	181	137	18.6	14.3
Associated Companies	13	11	6.5 (a)	(11.5)
Other Activities and Items	—	—	26.5	35.4 (b)
Interest Receivable, less Payable	2,332	1,900	247.8	189.7

Minority Interests included above

Note: The figures above include (a) credit of £20.4 million; (b) debit of £11.4 million in respect of the Company's holdings of foreign currency balances, to value them at exchange rates ruling at 30th September 1981 and 1980 respectively; (c) credit of £8.9 million for interest received relating to an earlier period.

Overseas Subsidiaries: Territorial Analysis

	£m	£m	£m	£m
Europe	69	62	6.9	7.6
The Americas	392	171	17.1	10.6
Australia	91	60	6.8	4.0
Asia	67	54	6.6	5.2
Africa	15	12	2.3	1.8
	634	359	39.7	29.2

S&C

Universities to finance Trust Securities project

Trust Securities Holdings, the Unlisted Securities Market quoted group headed by Mr Peter Jones, yesterday unveiled its long awaited financing of the substantial 350-acre scheme at Heathrow Airport known as the Stockley Park Project Trust.

TSH announced that the first phase of the scheme, amounting to about 1.5 million sq ft of office space, is to be developed on a 100-acre site at Heathrow. The scheme will be funded by the Universities Superannuation Scheme for £50m.

It is being developed in conjunction with the London Borough of Hillingdon, and will be a mixed use development. Commercial development of about 258 acres of the park

will be devoted to a public golf course and other facilities. A commercial science park is expected to extend to around 30 acres of which 75 acres will be a low density campus-style commercial development of 1.5 million sq ft.

Now that details of the scheme have been revealed, Trust still has to get planning permission before it can begin construction. Mr Jones said: "It could start next September."

The project is likely to cost £100m to £125m to develop and could have an investment value of around £175m.

Mr Jones said yesterday the group had already received enquiries for as much as 4 million sq ft of commercial and industrial space.

ML Duxford in liquidation

Commodity broker M. L. Duxford has gone into voluntary liquidation after unsuccessful attempts to sell both its St James's Street property and its business. Duxford specialized in managing commodity portfolios for both private and institutional clients, but announced that it had ceased trading in commodities on November 17. Talks on the sale of the property and the business are still continuing. Mr George Anger of accountants Stoy Hayward has been appointed liquidator and the first creditors' meeting will be on December 16. Wilson Smithett and Cope, a subsidiary of commodity traders Guinness Peat, is the main creditor having lent Duxford more than £25m against the security of Duxford's head office premises.

Best-ever half-year for Scapa

The Scapa Group's profits for the six months to September 30 were the best half-year in the company's history.

Although United Kingdom sales declined those in North America and other countries soared, with the result that the total was up from £39.6m to £48.9m. United Kingdom operating profits declined but with those from North America doubling and the contribution from elsewhere higher, the total is up from £5.3m to £8.2m. Interest payable has fallen from £1.13m to £1m and so pretax profits have jumped by 62 per cent to £6.81m. Pretax profits for the year to March 31 reached a best-ever £29.2m.

Lifting the interim dividend from 4p to 4.25p gross, the directors say they are confident that the year's results will show a considerable rise.

Sir J. Causton

On turnover up from £14.2m to £14.9m, pretax profits of Sir Joseph Causton, an £800,000 rise from £24,000 to £28,000 in the year to September 30.

The board explains that the continued strength of the group's specialist book printing, packaging and publishing businesses more than compensated for the decline in general commercial printing profits.

The total gross dividend is going up from 2.5p to 3.04p a share.

United Wire

On turnover down from £14.6m to £14.3m, the United Wire Group's pretax profits slipped from £798,000 to £532,000 in the year to October 31. As the first half-year's profits were only £30,000, there was a big improvement in the last six months. In view of the present year's favourable outlook, the total dividend is being maintained at 8.21p gross a share.

Fine Art lower

Although sales expanded from £31.6m to £32.8m, pretax profits of Fine Art Development fell from £206,780 to £195,598, slipped from £58,000 to £56,500 in the half-year to September 30.

Business appointments

Overseas commercial chief for Talbot

Mr E. W. Gadd has been named the Talbot Motor Company director for overseas commercial operations. His responsibilities include Talbot's marketing organization in Iran, Iran sales administration and overseas supply.

Mr M. J. Morgan has been named general manager for international operations. He is to be based in London and will be responsible for the company's international sales and marketing.

Mr Roger Cortley will become general manager of the Medical & General Life Assurance Society after the retirement of Mr Leonard Hall on February 25. Mr Hall will continue as a director of the society. Mr Andrew O'Leary is to be secretary and secretary, Mr Eric Hodson assistant general manager (administration). Mr Peter Ford joint secretary and Mr Gerard Smyth chief accountant.

Mr Jane Calnan has been named by the Dairy Trade Corporation as industrial relations director. She replaces Mr Nicholas Finney, who has been made

director of the National Association of Port Employers.

Mr Richard G. Orr has been designated vice-president for airline planning at Pan American World Airways.

Dr Charles Suckling is to join Albright & Wilson as a part-time non-executive director from January 1. He is to retire shortly from his present post as general manager of research and technology for the ICI Group worldwide.

Mr C. Minson has been named as director of communications from January 1. Mr D. J. Harbott has resigned from the board.

Mr R. A. Sheppard has become deputy managing director of Cayzer, Irvine Shipping on the retirement of Mr T. B. T. Gallaway. In addition to Mr Sheppard's directorships of Union-Castle Line and Clan Line he now becomes a director of King Line, Houston Line, Scottish Ship Lines and Scottish Tanker Company. At the same time Mr J. McNamara has gone on to the boards of Union-Castle Line and Clan Line and Mr D. E. Evans has joined the board of The Scottish Tanker Company.

September 30. During the second half, sales have shown some improvement, but the year's pretax profits are not expected to match last year's £4.63m.

The interim dividend is held at 1.57p gross.

Ductile Steels

In the first 14 weeks of the year to October 31, Ductile Steels made a pretax profit of £309,000, compared with a loss of £543,000 in the first 13 weeks of the preceding year. Output and sales have continued to increase, reports the board. All companies are back to normal working and the board expects pretax profits for the first half-year to be at least £2m.

Sale Tilney

Sale Tilney has exercised its option to purchase the remaining 49 per cent of the capital of James Marshall (Glasgow) that it does not already own. The consideration will be £206,780, satisfied by 39,598 ordinary shares and £45,504 in cash.

Yorkshire Bank Base Rate

With effect from 4th December, 1981 our Base Rate will be changed from 15% to 14% p.a.



Yorkshire Bank Limited
Reg. Office: 20 Merrion Way
Leeds LS2 8NZ

THE HONGKONG BANK GROUP

announces that on and after

4th December, 1981

the following annual rates will apply

Base Rate . . . 14½% (Previously 15%)

Deposit Rate (basic) 12½% (Previously 13%)

The Hongkong and Shanghai Banking Corporation

The British Bank of the Middle East

Mercantile Bank Limited
Antony Gibbs & Sons, Ltd.



Co-op Bank announces a change in base rate

From 15.00% to 14.50% p.a.

With effect from Friday, 4th December 1981

Deposit Rates will become:
7 day deposits 12.50% p.a.
1 month deposits 12.75% p.a.
Short-term deposits up from 13.50% to 15.10% p.a.

depending on amount & term (minimum £500 & 6 months)



Your caring sharing bank

EVANS OF LEEDS LIMITED

Property Investment Group
UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 1981

	Half year to 30.9.81	Half year to 30.9.80
Gross rents receivable	2,646,463	2,196,300
Interest receivable	115,257	71,447
Sundry income	1,233	1,508
Profit from development and sale of properties	34,453	48,820
Less interest charges and other expenses	2,908,726	2,520,475
Profit before taxation	1,908,577	1,448,144
Profit after taxation	1,413,749	1,171,361

Interim dividend of 1p per share payable 8th January 1982 (comparative 1981 0.525p per share).

TSB BASE RATE

With effect from the close of business on Friday, 4th December, 1981 and until further notice TSB Base Rate will be 14½ per annum



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MOToring by Peter Waymark

Samba may restore Talbot's image

the present 8.5 per cent to 16 per cent by 1985.

Meanwhile, the new Cavalier, for which demand has been far outstripping the company's ability to produce, has helped Vauxhall in November to its best monthly penetration, 10.7 per cent, for three years.

MOTOR CARS

MORGAN + 8

Regd. June '80, 2,500 miles. Alloy body, leather upholstery. ZXW tyres. Used by owner as 3rd car in summer. Unrehearsed. Condition as new.

£10,500 o.n.o.

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Reg May 1980
Light metallic blue Tanal
trimmings, immaculate
condition, 22,000 miles by
one careful owner
£28,500
Bradford D274 B70AT
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MERCEDES 350 SL

1973 Reg. 9 PKT
Storpe, Excellent condition.
Gold with beige interior.—
Chandlers Ford S65ST

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T.V. automatic, Reg May '79,
black, black, black, green
with light brown interior.
Storvo and radio cassette Air
conditioning, electric windows,
doors and mirrors
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£3,500

FORD MUSTANG, executive limousine—
since 1978, registered, black
decorative paint, exceptional
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SILVER WRAITH
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1875, 35,000 miles. Full ser-
vice history. Immaculate.
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Darford 78516/78510

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WANTED
V REG MERCEDES
450 SE OR SEL
Alloy wheels, sunshade
roof, velour on leather up-
holstery, one owner,
guaranteed no more than
15,000 miles.
Tel: 01-940 8044 ext 2

... GOD is our refuge and strength, a very present help in trouble. — Psalm 46:1.

BIRTHS

MEACROFT—On 2nd December, 1981, Claire Anne, daughter of Mr. and Mrs. John Meacroft, born at St. Mary's Hospital, London. Weighing 7lb 10oz, 19in long, 13in head.

BOYER—On November 29, 1981, in London, to Philip and Wendy, a son, James David. Weighing 8lb 10oz, 19in long, 13in head.

CAPWELL—On 2nd December, 1981, to Mary (nee Gillingham) and John, a son, James. Weighing 8lb 10oz, 19in long, 13in head.

BURN—On 1st December, 1981, at Queen Mary's Hospital, London, to Susan and John, a son, James. Weighing 8lb 10oz, 19in long, 13in head.

WOLFE—On November 23rd, 1981, to Susan and John, a son, James. Weighing 8lb 10oz, 19in long, 13in head.

HOLMES—On December 2nd, 1981, to Susan and John, a son, James. Weighing 8lb 10oz, 19in long, 13in head.

LATTER—On 23rd November, 1981, to Susan and John, a son, James. Weighing 8lb 10oz, 19in long, 13in head.

WILLIAMS—On November 28th, 1981, to Susan and John, a son, James. Weighing 8lb 10oz, 19in long, 13in head.

CLIFFORD—On November 28th, 1981, to Susan and John, a son, James. Weighing 8lb 10oz, 19in long, 13in head.

DEATHS

BUGLER—On December 2nd, 1981, at St. Mary's Hospital, London, to Susan and John, a son, James. Weighing 8lb 10oz, 19in long, 13in head.

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